



**APPENDIX OF PUBLIC RECORDS**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
1	Excerpt of Café Pharma Message Board dated December 9, 2009 (from <a href="http://www.cafepharma.com/boards/">http://www.cafepharma.com/boards/</a> )
2	Excerpt of Café Pharma Message Board dated December 17, 2009 (from <a href="http://www.cafepharma.com/boards/">http://www.cafepharma.com/boards/</a> )
3	Transcript of Q4 2009 Boston Scientific Corporation Earnings Conference Call dated February 11, 2010
4	Stock Price Chart obtained from Yahoo! Finance website (from <a href="http://finance.yahoo.com">http://finance.yahoo.com</a> )
5	Product Advisory dated December 1, 2009 – Letter to Doctors re: Product Advisory and Letter to Patients re: Product Advisory
6	Credit Suisse – Equity Research Report dated February 12, 2010
7	Letter dated May 21, 2010 from Jeffrey D. Capello, EVP & CFO of Boston Scientific Corporation, to Kristin Lochhead, U.S. Securities & Exchange Commission (available on <a href="http://www.sec.gov/Archives/">http://www.sec.gov/Archives/</a> )
8	General Instructions for U.S. Securities & Exchange Commission Form 8-K (SEC Form 873)
9	Additional Form 8-K Disclosure Requirements and Acceleration of Filing Date (Part VI) – 69 Fed. Reg. 15594 (March 25, 2004)
10	Forward-Looking Statements from the following public filings: Form 10Q for the period ending 9/30/09; Preliminary Prospectus Supplement dated 12/10/09; Preliminary Prospectus dated 12/10/09; Form S-3 Registration Statement; Prospectus filed 12/14/09; Prospectus Supplement to Prospectus dated 12/10/09 (filed 12/14/09); Form 10K for the period ending 12/31/09

Respectfully submitted,

BOSTON SCIENTIFIC CORPORATION, J.  
RAYMOND ELLIOTT, JAMES R. TOBIN,  
And SAMUEL R. LENO,

By their attorneys,

/s/ Robert J. Kaler

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Dated: December 17, 2010

**CERTIFICATE OF SERVICE**

I hereby certify that on this day a true copy of the above document was served by hand on local counsel for the plaintiffs, and all counsel of record via electronic mail.

By: /s/ Robert J. Kaler

Date: December 17, 2010

# EXHIBIT 1

# cafepharma boards

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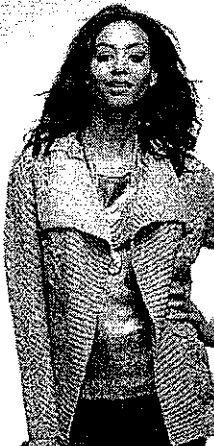
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12-09-2009, 04:52 PM

#1

Anonymous

Posts: n/a

**Top Leadership Terminated????**

What is up with Doug Knock, John Knighted and Ken Nelson getting AXED?

[Quote](#)

12-09-2009, 05:59 PM

#2

Anonymous

Posts: n/a

**Re: Top Leadership Terminated????**

Sounds like a lot more to come. This comes after a long investigation involving entertaining customers

[Quote](#)

12-09-2009, 06:58 PM

#3

Anonymous

Posts: n/a

**Re: Top Leadership Terminated????**

You sign a code of conduct. You know the rules. You know the consequences. If it is happening in other places, or in other companies, it will catch up to them as well.

Times are changing

[Quote](#)

12-10-2009, 01:47 PM

#4

Anonymous

Posts: n/a

**Re: Top Leadership Terminated????**


12-10-2009, 08:00 PM

#5

Anonymous

Posts: n/a

# EXHIBIT 2


 Re: BSC One of the most unprofessional/arrogant co. ever

 12-17-2009, 04:41 PM

#19

Anonymous

Posts: n/a

 Re: BSC One of the most unprofessional/arrogant co. ever

 12-17-2009, 10:03 PM

#20


Anonymous

Posts: n/a

 Re: BSC One of the most unprofessional/arrogant co. ever

Wait, let me get this straight. After 4 years of recalls, class action lawsuits, FDA warning letters, unrelenting negative press about the worst acquisition in history after AOL/Time Warner, a stock price at a fraction of it's former value, multiple rounds of layoffs and top talent leaving all the time; now that BSX has fired less than a dozen reps, the company is going to go under? Really? Are you that full of yourselves? Get a grip. It may have been ugly, and not a very nice Xmas gift to those affected, but I hardly think this action spells the end for the company.


 Quote


 12-17-2009, 11:45 PM

#21

Anonymous

Posts: n/a

 Re: BSC One of the most unprofessional/arrogant co. ever

 12-17-2009, 11:52 PM

#22

Anonymous

Posts: n/a

 Re: BSC One of the most unprofessional/arrogant co. ever

# **EXHIBIT 3**



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**TRANSCRIPT:** 021110a2689404.704

**HEADLINE:** Q4 2009 Boston Scientific Corporation Earnings Conference Call - Final

**BODY:**

Corporate Participants

\* Larry Neumann Boston Scientific Corporation - VP IR \* Sam Leno Boston Scientific Corporation - CFO, EVP - Finance \* Ray Elliott Boston Scientific Corporation - President, CEO \* Jeff Capello Boston Scientific Corporation - SVP, CAO, Controller \* Tim Pratt Boston Scientific Corporation - EVP, Secretary, General Counsel \* Fred Colen Boston Scientific Corporation - CTO \* Hank Kucheman Boston Scientific Corporation - Head of Cardiovascular

Conference Call Participants

\* Bob Hopkins BofA Merrill Lynch - Analyst \* Mike Weinstein JPMorgan - Analyst \* Rick Wise Leerink Swann - Analyst \* David Lewis Morgan Stanley - Analyst \* Larry Biegelsen Wells Fargo - Analyst \* Tim Lee Piper Jaffray - Analyst \* Glenn Novarro RBC Capital Markets - Analyst \* Joanne Wuensch BMO Capital Markets - Analyst \* Kristen Stewart Credit Suisse - Analyst \* Bruce Nudell UBS - Analyst \* Tao Levy Deutsche Bank - Analyst

Presentation

OPERATOR: Ladies and gentlemen, thank you for standing by and welcome to the Q4 2009 Boston Scientific earnings call. At this time, all participants are in a listen-only mode. Later we will conduct a question-and-answer session. Instructions will be given at that time. (Operator Instructions). As a reminder, this conference is being recorded. I would now like to turn the conference over to Larry Neumann. Please go ahead.

LARRY NEUMANN, VP IR, BOSTON SCIENTIFIC CORPORATION: Thank you, Roseanne. Good morning everyone. Thank you for joining us this morning. With me on the call are Ray Elliott, Chief Executive Officer, Sam Leno, Chief Financial Officer, and Jeff Capello, Corporate Controller and Chief Accounting Officer. We issued a press release announcing our fourth quarter results and we also issued a separate press release regarding the restructuring initiatives we are undertaking. Key financials are attached to the press release and we have posted support schedules to our website.

The agenda of this call will include a review of the fourth quarter financial results from Sam, an update on our

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business performance in the quarter from Ray, a discussion of the restructuring initiatives we are undertaking from Sam and our first quarter and full year 2010 guidance from Jeff, and finally Ray will return with thoughts on Management change, aspects and benefits. We will then open it up to questions.

We will also be joined during the question and answer session today by Fred Colen, prior Head of our CRM business and named yesterday as our new Chief Technology Officer, Hank Kucheman, the Head of our Cardiovascular business, and named yesterday as our new Executive Vice President for the Combined Cardiology, Rhythm and Vascular Group, Mike Phalen, the President of our Endoscopy business, John Pedersen, the President of our Urology and Women's Health business, Joe Fitzgerald, our new President of the Endovascular Group, and Michael Onuscheck, President of our Neuromodulation business, David McFaul, President of our International Group, and Dr. Keith Dawkins, Chief Medical Officer for the new cardiology, Rhythm and Vascular Group.

Before we begin I'd like to remind everyone of our Safe Harbor Statement. This call contains forward-looking statements. The Company wishes to caution the listeners that actual results may differ from those discussed in forward-looking statements and may be affected by among other things, risks associated with our financial performance and our restructuring plan, our programs to increase shareholder value, new product development and launch, regulatory approvals, litigation, our tax position, our competitive position, our growth strategy, the Company's overall business strategy, and other factors described in the Company's filings with the Securities and Exchange Commission. I'll now turn it over to Sam for a review of our fourth quarter financial results.

SAM LENO, CFO, EVP - FINANCE, BOSTON SCIENTIFIC CORPORATION: Thanks, Larry. Beginning with a few highlights, we achieved revenue and earnings that were well within our guidance range for the quarter. This resulted in year-to-date constant currency consolidated sales growth excluding divested businesses of 4%. Our CRM business grew low single digits on a constant currency basis in this quarter, resulting in constant currency growth for the year of 7%. Although our worldwide DES business was soft in the quarter, we continued to sustain worldwide drug eluting stent market leadership.

Our Endoscopy, Urology, Gynecology and Neuromodulation businesses continued to grow strong in the quarter resulting in constant currency of full year growth over prior year of 8%, 6%, and 17% respectively. Our Neurovascular division continued to hold a leadership share position despite a continued delay in new product launches worldwide. Peripheral interventions continued to hold share in a very competitive market, and it's also noteworthy 44% of our revenue for the fourth quarter and 42% for the full year came from new products introduced in the last 24 months.

Now let's turn to a more detailed review of the operating results for the quarter. Consolidated revenue for the fourth quarter was \$2.079 billion, and that's within our guidance range of \$2.025 billion and \$2.125 billion, and represents a 4% reported increase in the fourth quarter of last year. Excluding the impact of a positive \$87 million foreign currency contribution, fourth quarter revenue was flat in constant currency. Compared to the contribution assumed in our fourth quarter guidance range, foreign exchange contribute an additional \$10 million to our fourth quarter sales results. Without this additional currency contribution, our sales would have still been solidly within our guidance range. Compared to the fourth quarter of last year, excluding divestitures, US revenue decreased 1% while international revenue increased 11% or up 1% in constant currency. Ray will provide a broader overview of our businesses by major product category, but I'll address our sales results for all of our businesses at a higher level here.

Worldwide DES sales came in at \$411 million, and that's within our guidance range of \$400 million \$440 million and down 4% from the fourth quarter of 2008 which represents a decrease of 8% in constant currency. Our worldwide DES revenue includes \$219 million for TAXUS, \$182 million for PROMUS and \$10 million for PROMUS Element, from the launch that commenced in November. This launch marked the beginning of self-manufactured margins with our everolimus DES platform. Our worldwide TAXUS, PROMUS and PROMUS Element split for the quarter was 53%, 44% and 3%.

We continued to sustain our worldwide DES leadership during the fourth quarter with an estimated global market

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share of 39% which we estimate to be about 19 percentage points higher than our nearest competitor and consistent with our share in the fourth quarter of 2008. US DES revenue was \$205 million and that's at the low end of our guidance range of \$205 million to \$225 million and 11% lower than the fourth quarter of last year. Excluding the favorable impact of a \$13 million adjustment to the sales transition reserve included in the fourth quarter of last year, 2008, US DES sales were down 6% versus last year. This includes \$82 million of TAXUS, \$123 million of PROMUS revenue and represents a 40/60 mix of TAXUS/PROMUS in the US compared to 48/52 mix in the third quarter of 2009. We estimate that our US DES share was 46% for the quarter with 18 share points of TAXUS and 28 share points of PROMUS.

Excluding the transition reserve recorded in 2008, our total share is up one point compared to the fourth quarter of last year and down three points compared to last quarter. A change versus last quarter is mostly related to the softening in our TAXUS position following the data released at TCT in September and was in line with our expectations and our guidance. We do remain committed to our two drug commercial strategy and believe that TAXUS remains an important part of our DES product portfolio. We continue to maintain drug eluting stent market share leadership in competitive US market with 18 more market share points than our nearest competitor. Ray will update you during his comments and share his thoughts regarding the data released at TCT in September of last year and more recently referenced in the Lancet.

Based on our estimate of the US market for the fourth quarter, we believe Boston Scientific's market share was 46% and Abbot's share was approximately 28% while J&J and Medtronic achieved approximately 13% each. International DES sales of \$206 million were at the mid point of our guidance range of \$195 million to \$215 million and represents an increase from prior year of 4% on a reported basis and a decrease of 5% in constant currency. This includes \$137 million in TAXUS, \$59 in PROMUS sales and \$10 million in PROMUS Element and represents a 66/29.5 mix of TAXUS, PROMUS and PROMUS Element internationally.

With PROMUS Element launched during the quarter contributed \$10 million to our international DES sales including \$9 million in India and \$1 million in the Americas and Asia Pacific combined. We estimate that Boston Scientific's DES market share in India for the fourth quarter was 34% and that's up one point sequentially from the third quarter and consistent with the fourth quarter of 2008. TAXUS market share was approximately 16% with revenue of \$41 million. PROMUS market share was approximately 14% with revenue of 36 million and PROMUS Element market share was approximately 4% with revenue of \$9 million. Together, this represents a TAXUS/PROMUS, PROMUS Element mix in India of 48, 22, and 10.

Our DES share in Japan was 44% and it's down two points from the fourth quarter 2008 with revenue of \$67 million. We continue to maintain market share leadership despite the competitive launch of Medtronic's Endeavor in Japan in May. During the quarter we estimate Endeavor share at 18% and J&J share at about 38% and while our sales in Japan through the independent of the fourth quarter were 100%TAXUS, PROMUS was approved in Japan at the beginning of January and we have launched PROMUS Japan and consistent with our approach in the US, we will focus on maintaining market share leadership in Japan, being the only Company able to afford physicians and patients the choice of two drug platform.

We estimate our Asia Pacific DES share remains steady at about 18% during the fourth quarter, split 9% TAXUS with \$14 million in revenue and 9% PROMUS with \$13 million in revenue or TAXUS/PROMUS split of 51/49. DES sales in our Americas international region were \$26 million, representing approximately a 51% market share with 30% or \$15 million in TAXUS revenue, 20% or \$10 million in PROMUS revenue, and 1% or \$1 million in PROMUS Element revenue. This represents a 58/38.4 mix of TAXUS, PROMUS, and PROMUS Element.

In summary, with global DES market share of 39% we maintained a 19 percentage point advantage over our next nearest competitor. Our strong commercial team focused on the only two drug platform in the industry will allow us to maintain our market share leadership going forward. I would like to provide you with a little more detail on the drug eluting stent market dynamics during the quarter. We estimate the worldwide DES market in Q4 at approximately,

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\$1.049 billion which is down about 1% or down 6% constant currency compared to fourth quarter 2008 and that excludes the impact of sales transition reserve reversals in Q4 of 2008 and includes a positive contribution from foreign currency of about 5%. This includes a worldwide unit volume increase of about 8%, driven by an increase in both PCI volume and penetration. This year volume in was offset by a worldwide market decline in average selling prices of approximately 8% including a shift in mix of DES brands to more PROMUS and less TAXUS.

Global penetration rates improved 1% versus last quarter to 64%; however pricing declines remained high. As a result, global dollar market growth has turned negative. The US DES market is estimated to be about \$448 million, representing a decrease of approximately 6% in the fourth quarter of 2008, excluding the impact of sales transition reserve reversals in the fourth quarter of last year. This consists of a unit volume increase of approximately 3% which includes a reduction in PCI volume offset by an increase in penetration. This unit volume increase was offset by an 8% decline, driven by market price declines and a negative mix shift in DES platforms. During the quarter, we saw our US DES average selling price reductions be slightly better than the aggregate market declines with PROMUS and TAXUS down about 7% each compared to the fourth quarter of 2008.

US PCI volume in the quarter was approximately 249,000 procedures, down 3% compared to the fourth quarter of 2008 and down approximately 1% to the last quarter. We estimate that US DES penetration was up two percentage points to 77% in the quarter representing a four percentage point increase over the fourth quarter of 2008. Combined with stented procedure rates and stents per procedure we estimate the total unit market of US stents in the fourth quarter was approximately 335,000 units and that includes 257,000 units of drug eluting stents.

The international DES market remained strong for the quarter with approximately 559,000 PCI procedures, including 318,000 procedures in India, 58,000 procedures in Japan, 121,000 procedures in Asia Pacific, and 62,000 procedures in the Americas outside of US. Penetration rates in international markets were up modestly on a sequential basis across most regions, with India up two percentage points sequentially to 55% and Japan up one point sequentially to 69%. Asia Pacific was flat at 74%, and the international Americas were up one percentage point to 33%. Worldwide fourth quarter CRM revenue of \$607 million represents a reported increase of 6% and a constant currency growth of 3% over the \$571 million reported in the fourth quarter of 2008, and excluding the impact of \$8 million in sales return reserves related to the subpectoral product advisory and \$4 million deferred revenue related to the launch of Latitude in Europe, worldwide CRM grew at 5% in constant currency.

We also estimate that we lost approximately \$7 million to \$8 million of additional worldwide sales potential in the quarter related to the subpectoral product advisory with a vast majority of the loss occurring outside the United States. This performance is in line with our estimate of the overall market for the quarter. US CRM revenue of \$389 million represents a 2% increase over prior year for the quarter and an increase of 8% for the full year 2009. International CRM sales of \$218 million in the quarter represent a reported increase of 16% in prior year and up 4% in constant currency.

Worldwide ICD sales of \$449 million were at the low end of our guidance range of \$445 million to \$475 million and this represents a reported increase of 5% over the fourth quarter 2008 and a constant currency increase of 2%. Excluding the impact of growth of subpectoral product advisory word wide and the Latitude deferral in Europe, constant currency growth would have been 5%. ICD sales in the US were \$307 million, representing a 2% increase over last year or up 5% excluding the impact of the sub pic product advisory. International ICD sales of \$142 million represent an 11% reported increase in last year and that's flat in constant currency and up 4% excluding the impact of the product advisory and Latitude deferral.

Looking at our business overall, excluding sales from our five non-core divested businesses, our non-DES and non-CCM worldwide revenues increased approximately 6.5% compared to the fourth quarter of last year to \$1.059 billion and were up approximately 2% in constant currency. This includes constant currency increases of 10% in Endoscopy, 8% in Urology/Gynecology and 18% in neuromodulation. Our peripheral intervention business was down 2% in constant currency versus last year, due to continued pressure in our balloon and stent businesses worldwide. The impact of discontinuing Biops XM in the quarter and a general softening of procedural volumes and year-over-year

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growth rates compared with the fourth quarter 2008.

For the quarter, our Neurovascular business was down 6% in constant currency as a result of continued pressure from competitive launches in our coil and stent businesses worldwide. In our non-stent interventional cardiology business we saw constant currency decrease of approximately 3% while our Electrophysiology business was basically flat. As we continued to develop our new product pipelines for these businesses we expect the growth in these divisions to accelerate and begin to exceed market growth rates. I'll now turn to full year 2009 revenue. Reported revenue for the year-ended December 31, 2009, was \$8.188 billion, which represents a 2% reported increase from prior year and excluding the impact of the divested businesses, full year 2009 revenues were \$8.177 billion or 2% of growth over 2008 and up 4% in constant currency.

The contribution of foreign currency to full year sales growth was a negative 2% or about \$92 million compared to 2008. Our global cardiology business sustained its worldwide leadership but was down 1% reported for the quarter and flat in constant currency. While we experienced overall growth in our DES business of 4% reported for the year, and up 6% in constant currency, our PI business was down 3% reported and down 2% in constant currency. Our other IC business was down 8% for both reported and constant currency.

The decline in our other IC business was due to the delay of some key product launches, continued pricing pressure, new competitive entrants into the market and recalls in March and July of 2009. Worldwide DES penetration was up six points for the full year versus last year and we estimate that our full year share was up approximately two percentage points. Our US market share for the full year at about 49% or down one percentage point from where we exited 2008 but we believe that we exited 2009 at 47% which is down 20% from our exit in 2008.

Our TAXUS PROMUS mix of 40/60 for the fourth quarter has a lower contribution from TAXUS than 47/53 estimated mix for the full year 2009. Our OUS share is up two points for the quarter at approximately 35% resulting in worldwide share of approximately 41% for the year. Total CRM revenue came in at \$2.413 billion and that represents a 6% increase over 2008 or 7% increase in constant currency. US CRM revenue increased by 8% with ICD revenue growing about 9.5% and Pacer revenue growing about 2%. OUS CRM revenue was up 2% reported, and up 6% in constant currency, with ICD revenue growing 1% reported and up 6% in constant currency while Pacer revenue increased 4% reported and 7% in constant currency. Our performance across the rest of our business was mixed due to delays in a few important product launches and here are some of the highlights of these businesses.

Our endosurgery group continued its solid performance with a reported increase of 6% over prior year and 7% in constant currency. Our Endoscopy division grew 7% reported and 8% in constant currency while our Urology and Women's Health division grew 6% both reported and in constant currency. Our Electrophysiology business was down 2% reported and down 1% in constant currency and we maintained our history of leadership in the neurovascular market despite declines of 3% reported and 2% constant currency compared to prior year. We continue working towards a launch of Phoenix, our new coil, and Neuroform EZ, our new stent delivery system in the US and Europe and finally our neuromodulation business grew 17% both reported and in constant currency, even in the face of new product introductions by both of our major competitors. This is excellent performance in light of our slow start in this business in the first quarter of 2009.

Now a few comments on gross profit. Reported gross profit margin for the quarter was 65.9% and adjusted gross profit margin for the quarter, excluding restructuring related charges, was 66.5% which is 310 basis points lower than last quarter and 230 basis points lower than the fourth quarter of 2008. Major contributions to the change in gross profit margin from the quarter include a number of issues, the first of which was 50 basis points of improvement related to the successful recovery following the product recalls in our CB and Urology Gynecology divisions during the third quarter.

40 basis points reduction as a result of lower DES share in the US and Japan, a reduction of 130 basis points related to a third party sourcing agreement, reduction of 200 basis points as a result of the subpectoral product advisory and associated sales return reserves related to the inventory write-offs and write-off of certain manufacturing technology. all

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of which resulted in a one-time negative gross profit impact of \$49 million. With the reduction of 60 basis points related to foreign currency hedges that we settle in cost of goods sold, and finally, 70 points of improvement related to a variety of other minor differences.

The major contributors to the 230 basis point reduction from last year include a 90 basis points of improvement from higher production volumes and lower quality spending, 65 basis points of improvement as a result of overall CRM sales growth and improved standard cost in that business, 25 basis points favorable impact as a result of a reversal in the sales transition reserve in Q4 of 2008 related to the TAXUS Liberte launch, 120 basis points of improvement as a result of a \$24 million inventory charge during the fourth quarter of 2008 that was related to the previous generation CRM technologies as the result of COGNIS Teligen last year.

There was also a 75 basis point reduction as a result of lower drug eluting stent share, reduction of 150 basis points related to a third party sourcing agreement, reduction of 200 basis points and \$49 million as a result of the subpectoral product advisory and the associated sales return reserves, inventory write-offs and write-off of certain manufacturing technology related to that header, 80 basis point reduction related to the foreign currency hedges that we settle in cost of goods sold and finally 25 basis points of reduction related to a variety of other minor differences. Of the items impacting our gross profit margin in the quarter we do not expect the impacts associated with the subpectoral product advisory or the third party sourcing agreement to occur in 2010; however our gross profit margin percent will continue to be pressured as a result of negative DES mix shifts from TAXUS to PROMUS.

While we will now see the profit margins that we benefit from by selling PROMUS Element instead of PROMUS in Europe in 2010, the recent launch of PROMUS in Japan will create an adverse mix of TAXUS and PROMUS compared to 2009. The negative impact of the data released at TCT in September will also result in a negative mix shift from TAXUS to PROMUS in 2010, and finally as a result of recent disciplinary actions taken with a number of CRM sales personnel, we expect many of these individuals will leave to join our competitors, which could result in lost CRM revenue and gross profit in 2010.

Our reported SG&A expenses in the fourth quarter were \$649 million. Adjusted SG&A expenses excluding restructuring related items were \$646 million which is 2% lower than both the last quarter as well as the fourth quarter of last year. For the full year, SG&A was \$2.621 billion and that's consistent with our guidance at the beginning of the year. Both reported and adjusted research and development expenses were \$257 million for the quarter or 12.4% of sales. Our absolute dollar investment remains consistent with both last quarter and last year but was 30 basis points lower than both. For the full year we came in just above our forecasted \$1 billion at \$1.032 billion. We continue to believe that this is an appropriate level of dollar investment going forward and we'll continue to decline as a percentage of revenue over time as sales grow. As a result, our new growth priorities, which are a by-product of our new strategic plan, we will be directing our R & D dollars more heavily into the higher growth portions of our business.

We reported a GAAP pre-tax operating loss of \$1.231 billion for the quarter due primarily to the J&J settlement previously announced. On an adjusted basis, excluding restructuring related charges, acquisition, divestiture and litigation related items as well as amortization expense, adjusted operating income for the quarter was \$439 million and 21.1% of sales, down 70 basis points from last quarter and up 70 basis points from Q4 2008. The reduction versus Q3 2009 is related in part to the one-time increase in costs associated with the subpectoral product advisory and the associated inventory enhancement write-offs discussed in my risk profit comments. Additionally we experienced an overall reduction in our DES share and an adverse DES mix in the quarter related to the data released at TCT in September. Finally, the adjustment related to third party sourcing agreements was also negatively affected our operating profit margins.

Partially offsetting this was our ability to successfully recover the third quarter product recalls in our CB and urology/gynecology businesses. I'd like to highlight the GAAP to adjusted operating profit reconciling items in a bit more detail. We recorded litigation related charges of \$1.499 billion pre-tax or \$1.273 billion after-tax related primarily to the J&J patent litigation settlement previously discussed. Also, total amortization expense was \$129 million pre-tax

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and \$109 million after-tax and this was \$5 million lower than the fourth quarter 2008. In 2010, we expect annual amortization expense to be consistent with amortization in 2009.

We recorded \$36 million pre-tax or \$28 million after-tax of restructuring related charges in the quarter and related to product transfer costs as well as severance and certain other costs in conjunction with our previously announced plant optimizations program and 2007 restructuring plan. These charges are in line with our previous estimates and we also recorded acquisition related charges of \$4 million pre-tax and \$3 million after-tax, primarily associated with asset acquisitions during the quarter and finally we recorded intangible asset impairment charges of \$2 million pre-tax and after-tax associated with the writedown of certain technology licenses. The cumulative effect of all of these items was \$1.670 billion pre-tax and \$1.415 billion after-tax.

Interest expense was \$122 million in the quarter and included a one-time charge of \$29 million for accelerated interest rate hedge costs and bank fees related to prepaying the remaining \$1.85 billion of our bank term loan that was due in April of 2011, with the proceeds of our fourth quarter \$2 billion senior note offering. Excluding these one-time charge, interest expenses in the quarter were \$14 million lower than the fourth quarter of 2008 primarily as a result of our \$825 million in debt repayments during the last 12 months together with lower interest rates. Excluding the one-time charge interest expense in the fourth quarter was \$2 million higher than the third quarter primarily as a result of higher interest rates on our new senior notes as compared to our bank term loan.

On the same basis our fourth quarter 2009 average interest expense was 5.7% compared to 5.9% in the fourth quarter 2009 and 5.5% in the third quarter of 2009. Full year 2009 interest expense was \$470 million which was \$61 million lower than 2008 due to \$825 million of debt repayments over the last year, combined with lower interest rates and partially offset by the \$29 million one-time charge in Q4 2009. Other net income was \$6 million in the quarter, and includes \$1 million of interest income and \$5 million of other income. This compares to other net expense of \$2 million in the fourth quarter 2008 which included \$10 million of investment writedowns and other miscellaneous expenses. Q4 2009 interest income was \$7 million lower than in Q4 2008 due to lower cash balances as well as higher investment rates.

The reported GAAP tax rate for the fourth quarter was negative 20.2% and for the full year was 21.6% and on an adjusted basis our tax rate was 4.6% for the fourth quarter and 14.4% for the full year. Our 2009 full year operational tax rate was 17.5% which is slightly below our guidance range of 18 to 19%. As a result, our adjusted tax rate for the fourth quarter reflected a 260 basis point favorable impact or \$.8 million as we adjusted our operational tax liability for the previous three quarters to the 17.5% for the full year. In addition, discrete tax items during the fourth quarter were favorable \$39 million representing a 10.2% reduction of our fourth quarter adjusted operational tax rate.

The discrete items include an \$11 million release of tax reserves upon the receipt of the favorable court decision in the tax dispute in Italy and a \$20 million release of tax reserves in foreign jurisdictions for the period for assessing tax has expired. Our GAAP earnings per share loss for the quarter was \$0.71 per share compared to a loss of \$1.59 per share in the fourth quarter of last year. GAAP results for the fourth quarter included the previously announced charges related to the J&J settlement, intangible asset impairments, amortization, acquisition and restructuring related charges and discrete tax items. Our adjusted earnings per share in the fourth quarter which excludes these items was \$0.20, was at the high end of our guidance range of \$0.17 to \$0.21 per share.

This was consistent with adjusted earnings per share of \$0.20 in the fourth quarter 2008 and as a reminder, the fourth quarter of 2008 adjusted earnings per share excluded \$1.74 per share related to goodwill and intangible asset impairment charges, \$0.08 of amortization, \$0.02 per share of restructuring related charges, \$0.02 per share of acquisition related charges and positive discrete tax items of \$0.07 per share. Stock comp was \$33 million in all per share calculations were computed using 1.5 billion shares outstanding. Day sales outstanding was 61 days at the end of the quarter, a four day decrease in the last quarter and a three day improvement in the fourth quarter of 2008. Continued strong cash collections were lead by Japan in the US combined with solid performance in India as well as Asia-Pac. Our days payable outstanding for the quarter were 27 days which was six days lower than the third quarter 2009 and eight

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days lower than the fourth quarter 2008.

The decrease in this metric is primarily related to cost of goods sold in inventory and accounts payable related. Adjusted for these charges are outstanding at the end of the year would have been 32 days, one day lower than Q3 2009. Days inventory on hand were 119 days, down 19 days from Q3 2009 and down five days from December of 2008. The reduction in days compared to last year reflect an increase in net inventory driven by 2009 and upcoming 2010 new product launches and the DES CRM, Neurovascular and endosurgery franchises and cost of goods sold reflecting sales and one-time write-offs in CRM and the third party sourcing adjustment.

The reduction of days over the last quarter is driven by a decrease in inventory resulting from CRM inventory reserves related to the changes made to our cognizant intelligence headers as well as increased cost of goods sold driven by higher sales in the fourth quarter versus third quarter, one-time charges mentioned earlier, and higher restructuring costs related to plant network optimization. Operating cash flow in the quarter was a \$329 million out flow compared to a \$54 million in flow in the fourth quarter 2008. Q4 2008 included a \$187 million MDL litigation payment and a \$66 million tax payment related to the \$250 million milestone receipt from Abbot in the third quarter 2008 and \$37 million of restructuring payments.

Q4 2009 included a \$716 million payment to J&J related to the settlement of certain patent disputes, a \$22 million payment to the Massachusetts Department of Justice to resolve matters related to the Guidant Corporation prior to our acquisition in 2006, and \$52 million of restructuring payments. Excluding these items, Q4 2009 operating cash flow was \$461 million or \$117 million higher than the fourth quarter 2008 primarily due to higher adjusted operating income and improved Accounts Receivable Management. Capital expenditures were \$87 million in the quarter and \$67 million lower than the fourth quarter of last year primarily due to our 2008 purchase of a previously leased manufacturing plant.

Reported free cash flow was a \$417 million out flow in the quarter compared to \$100 million of out flow in the fourth quarter 2008 and a \$393 million in flow in the third quarter 2009. For the full year 2009 operating cash flow was \$835 million or \$381 million lower than 2008. 2009 operating cash flow included a \$716 million payment to J&J related to the settlement of certain patent disputes, \$121 million in other legal settlement payments, and \$116 million of restructuring payments. Excluding these items, 2009 operating cash flow was \$1.800 billion.

2008 operating cash flow was \$1.2 billion and included a \$184 million after-tax milestone received from Abbot, a \$189 million tax payment related to gains on divested businesses, a \$187 million MDL payment and \$183 million in restructuring payments. Excluding these items, 2008 operating cash flow was \$1.6 billion. The \$197 million increase in 2009 operating cash flow excluding these items is primarily due to lower net tax and interest payments, partially offset by higher inventory to support new product launches as well as our plant network optimization initiative.

2009 Capital Expenditures were \$312 million or \$50 million lower than 2008 primarily related to our 2008 purchase. 2009 reported free cash flow was \$523 million or \$331 million lower than 2008. In October of 2009, we prepaid \$250 million of our bank term loan. In December of 2009 we issued \$2 billion of five year, 10 year, and 30 year senior notes and used \$1.85 billion of the proceeds to prepay the remaining bank term loan that was due in April of 2011 for net debt repayment of \$100 million for the quarter.

Our senior note offering was met with strong interest by investors winding up 11 times over subscribed. We elected to upsize the offering from \$1 billion to \$2 billion while achieving very attractive long term interest rates, and in conjunction with the bond offering, Standard & Poor's upgraded our credit rating back to investment grade with a stable outlook. The investment grade rating reflects the strength of our product portfolio, our commitment to debt reduction, our improved financial fundamentals and the progress we are making in driving profitable sales growth. We continue to focus on strengthening our profit margins and free cash flow, debt repayment and financial discipline and we are committed to maintaining a solid investment grade profile. We closed the year with \$5.9 billion of total debt and \$864 million of cash on hand, resulting in net debt of \$5.1 billion. Total debt is \$827 million lower than the fourth quarter of 2008 as a result of using our strong cash flow to repay debt during the last 12 months.

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Cash on hand is \$777 million lower than the fourth quarter of last year primarily reflecting our \$716 million payment related to the previously announced settlement of certain patent disputes with Johnson & Johnson. In January of 2010, we received a \$250 million milestone payment from Abbot related to Japan regulatory approval of the PROMUS drug eluting stent and on February 1 we announced the settlement of three longstanding patent disputes with Johnson & Johnson. The dispute dated back to 2003 and cover our James patent as well as J&J Palmaz and Gray patents. We agreed to pay \$1.725 billion to J&J in connection with the net litigation settlement.

We paid \$1 billion of this on February 1, 2010, consisting of \$800 million in cash on hand, and \$200 million drawn from our revolver and expect to pay the balance from cash flow by January of 2011. We posted a \$745 million letter of credit under our revolving credit facilities as collateral for the remaining balance and are accruing interest monthly at prime. The Company continues to have in excess of \$1.3 billion in liquidity including cash on hand as well as our Credit Facilities after the \$1 billion payment posting the letter of credit.

At year-end our debt to EBITDA Credit Facility covenant ratio was 2.7 times, which is well below the maximum permitted level of 3.5 times, and provides us with just under \$500 million of EBITDA cushion. This covenant was unaffected by the recent J&J settlement as they're permitted to exclude all litigation related accruals and up to approximately \$1.1 billion of related payments from our bank EBITDA calculations. We expect to refinance our revolving Credit Facility and the majority of our 2011 debt maturities in mid 2010. After the announcement of our recent settlement with J&J, all three rating agencies affirmed our long term corporate ratings because our credit profile was not appreciably affected.

Before I discuss the restructuring that we announced last night, Ray will provide you with his thoughts on the overall business for the fourth quarter. Ray?

RAY ELLIOTT, PRESIDENT, CEO, BOSTON SCIENTIFIC CORPORATION: Great. Thanks, Sam. Let me begin with a more qualitative review of our businesses and then as usual I'll share some brief thoughts on likes, dislikes and hot topics for the quarter overall. When Sam and Jeff have completed their remarks regarding restructuring guidance, I'll return with some final thoughts on the essence of the Management changes.

Let's begin with CRM. We delivered constant currency growth of 3% driven by our COGNIS intelligent products. This marks 10 straight quarters of CRM growth both in the US and worldwide. Excluding impacts of the sub pectoral product advisory and Latitude deferral that Sam discussed earlier, we believe our worldwide market share was up slightly. US defibrillator sales excluding the impact of the product advisory would have been 5% with market share up slightly. International defibrillator sales, excluding the impact of the product advisory and product deferral would be up around 4% constant currency. Our international Pacer revenue was once again strong at 8% constant currency growth, supported by the improving adoption of our All True platform. Once again an additional benefit from a large contract for Brady leads in Japan increased that growth to 13%.

We anticipate international defibrillator performance to strengthen over time as we complete the Latitude rollout in Europe and begin to see the full effects of recent launch of COGNIS and Teligen in Japan. For the full year CRM turned in a strong performance showing 7% constant currency overall growth from the prior year. Annual worldwide defibrillator revenues reached their highest levels ever up 7% constant currency globally and up more than 9% in the US market. While all of our competitors have not formally reported results we estimate we took more than a full share point in the US de fib market in 2009 by outgrowing the overall market by about five percentage points. Our internal estimates for overall de fib market growth rates on a go forward basis continue to be about 4% worldwide and 2% domestically.

Our momentum in CRM should build in several areas most notably our pipeline on the strength of the steady cadence of worldwide product launches. In Japan, our second largest market, we recently launched cognizant intelligent the world's smallest and thin its high energy devices. We are now offering our most advanced ICB and CRTV technologies in all of our major Markets worldwide. As we continue to develop our Japan distribution we're optimistic

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this will be an area of strong CRM growth later in 2010. In Europe, we are progressing very well with our latitude launch and expect to complete the first 1000 patients enrolled on the system this month.

In the US, we expect to launch the Acuity break away lead delivery system in the next few months, building on our already strong lead portfolio. Around mid year, we plan to begin a phased US launch of our new header and defibrillation lead designed to be compatible with the forthcoming IS-4 standard. The lead new system reduces the required lead implant area within the body thus making COGNIS Teligen even smaller. The Foresight system began a phased introduction in CE marked countries last year. Our success with new product introductions over the last 24 months has clearly benefited from a restored pipeline and a renewed commitment to innovation. We plan to build on these successes with the launch of our next generation line of defibrillators later this year. These devices will include new features designed to improve functionality, diagnostic capability and ease-of-use.

In early 2011, we expect to launch a new wireless pacemaker in the US and Europe built on the same platform as our high voltage devices. Let me give you a quick update on the EP business. We launched our Blazer Prime catheter in the US in November and have received very positive feedback from physicians. Blazer Prime's an improved version of the market leading blazer abrasion catheter and is designed to deliver enhanced performance, responsiveness and durability. We anticipate launching the Blazer Prime and the Blazer DX20 Steerable diagnostic catheter in Europe in the first half of this year. The Blazer DX20 has achieved an estimated 20% market share in the U.S. since its introduction last May. The Blazer Open Irrigated Ablation catheter should be ready for European launch by mid year with US clinical trials beginning around the same time.

Overall the EP market is expected to continue its healthy 10% into the foreseeable future. Our strong CRM product portfolio, combined with sales and clinical teams, positions us well to take advantage of this market. I'll touch briefly on MADIT-CRT. With outstanding trial results now published, we have completed our FDA filing to expand our CRTD indications, and we're preparing for a panel meeting with the FDA tentatively scheduled for March 18th. We hope to receive approval as early as the middle of this year, which will potentially create additional opportunities for the market as a whole, but certainly for Boston Scientific specifically.

We continue to support the market estimates for incremental growth presented on our call in September, and we did in fact note a previously not present uptick in our CRTD sales during the quarter. I'll reiterate that although the CRM marketplace has slowed from where we thought it was at the time of the Guidant acquisition, it still is a growing and important marketplace. It's a market where we have been taking share consistently over recent times. We will continue to invest in the future of our CRM business through product quality and innovation, clinical trials and our world class sales force. Our CRM strategy is working and with sustained targeted investments, we can continue to maximize results for the Company.

Now, turning to cardiovascular, we achieved worldwide DES revenue of \$411 million in the fourth quarter, within our range of \$400 million to \$440 million including \$10 million of PROMUS Element revenue as a result of our launch in EMEA, the Americas and Asia-Pac in November. This marks a shift to self-manufactured margins of PROMUS Element and represents a significant milestone in the improvement of our DES gross margin performance. Earlier results of the PROMUS Element international launches have exceeded our expectations. We also launched the TAXUS Liberte long stent in the US, the only 38-millimeter DES stent available here, and we're very pleased with the initial market response at this early stage. Our worldwide DES market share of 39% is flat versus fourth quarter of 2008, excluding reserves. Our worldwide revenue of \$411 million was down 8% constant currency, driven mostly by a decrease in worldwide market revenue size. Contributing to this decrease is a currency headwind and continued weakness in ASPs, offset by an increase in both PCIs and penetration rates versus 2008. TAXUS drove 21% of our fourth quarter 2009 worldwide market share with PROMUS at 18%, which represents a shift from TAXUS to PROMUS of four share points from the fourth quarter of 2008.

In the US DES market, for the fourth quarter, we saw PCI volume decline slightly for the fourth quarter of 2008, but DES penetration was up two points to 77% from the steady 75% level that we saw for the first three quarters of the

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year, and up four points from the fourth quarter of 2008. We estimate our US DES share position for the fourth quarter to be 46%. We estimate that in the US XIENCE had a 28% share while CYPHER and Endeavor were at 13% each. Another significant highlight of the quarter was the early completion of the work horse portion of the enrollment in the platinum trial, a key milestone in our plan to launch PROMUS Element in the US by mid 2012. We're pleased to report completion of the platinum small vessel trial, which will allow us to submit our small vessel product as part of the work horse PMA, rather than at the later PMA supplement.

In Europe, DES penetration continued to increase, up 2% from last quarter to 55%, and up 4% from the fourth quarter of 2008. Our DES share was 34% which was flat with the fourth quarter of 2008, split approximately 16% TAXUS, 14% PROMUS, and 4% PROMUS Element resulting from our launch in November. In Japan, DES penetration increased to 69%, an increase of three points from the fourth quarter 2008. We had a 44% share, which was down two points from the fourth quarter of 2008. We estimate that J&J and Medtronic are at approximately 38% and 18% respectively. With the approval and launch of PROMUS and XIENCE in Japan at the beginning of this month we expect to see shifts in market shares during the balance of the year; however, we intend to remain the Japan market share leader.

Let me take a minute to revisit the studies that were released in September of last year starting with the two year SYNTAX data which reinforced one year results showing impressive outcomes for PCI in patients with complex left main and triple vessel disease, the majority of whom are normally treated with CABG. The two year data builds on the prior year data and provides additional support for PCI as a viable treatment option for many of these patients. We at BSC are proud the favorable PCI outcomes of the SYNTAX trial have resulted in an upgrading in the ACC AHA, PCI revascularization guidelines for left main patients from class 3 to class 2 A. We're certainly pleased with the performance of our PROMUS Stent as well as first generation TAXUS Express Stent based on the spirit three and four results presented at the 2009 TCT conference. The strong results for both platforms we in force the physicians already know through the results they see in their patients every day.

I'm not going to dwell on the COMPARE trial. We discussed this single centered study during the third quarter earnings call, and since then COMPARE has been published in the Lancet. A significant new finding was a similar outcomes in the two treatment groups for diabetic patients supporting the value of TAXUS in this important and increasingly prevalent patient population. We were interested to hear from Dr. Peter Smits, the COMPARE principal investigator that the claim in the COMPARE Lancet article that TAXUS should no longer be used in every day clinical practice was in fact not part of the original submission manuscript but was a late edition at the suggestion of the Lancet referees.

Clearly the COMPARE results are incompatible with the excellent outcomes in more than 46,000 patients treated with the TAXUS stent in clinical trials with follow-up over nine years. This claim is unjustified and unscientific based on the proper principles of evidence based medicine. Cardiologists have implanted approximately 5.4 million TAXUS stents in over 3.7 million patients worldwide. This attests strongly to their confidence with this product. Interventional cardiology is repeat with single center studies which do not support the body of evidence.

TAXUS resiliency has surprised many over the years when data has questioned the product and we've been successful in regaining our position time and time again. Many have been wrong before in the future market share weightings within their models. This time is no different. We will continue to vigorously defend our share throughout 2010 and look to grow our position in 2011 with the launch of TAXUS Element in the US. We are uniquely able to offer customers a choice between the two best DES stents that are on the market today. This is a point of differentiation between us and our competition and it represents one of the key reasons we continue to be worldwide DES leader. We launched the TAXUS long stent in the US, at premium pricing during the fourth quarter of 2009 and in Europe we have commenced a very successful launch of PROMUS Element which has received simply excellent reviews for both acute performance and early outcomes from implanting cardiologists. We couldn't be more pleased.

Finally, we can confirm that the launch of PROMUS in Japan took place at the beginning of this month. The

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European launch of the TAXUS Element stent, I repeat TAXUS Element, not PROMUS Element, which has already been launched in unregulated markets with extremely positive feedback will take place in the second quarter 2010 based on current regulatory feedback. Outcome data from the pivotal randomized PERSEUS trial of TAXUS element will be reported on at the ACC meeting in Atlanta next month.

The PROMUS Element US and Japan launches remain on target for mid 2012 with a TAXUS Element US launch on target for mid 2011 and a Japan launch late 2011 or early 2012. Here is the real key. The element platform, which uses a new platinum chromium stent alloy, provides a noticeable improvement in deliverability including thinner, stronger struts, lower stent recoil, and enhanced radiopacity. Perhaps most important we're confident our element launch cadence will be more than highly competitive with XIENCE Prime on a worldwide basis.

We're pleased to announce that our next generation of our everolimus-eluting stent after PROMUS Element will be investigated through first use in the international EVOLVE trial commencing in the second quarter of 2010. This randomized trial will compare PROMUS Element with two doses of everolimus delivered via an abluminal bio-erodable polymer on the Element stent platform. We believe this design may allow physicians to prescribe patients a shorter duration of dual anti-platelet therapy if needed. This will be possible because the Evolution drug eluting stent turns into a bare metal stent within a few months. Needless to say, we're excited about this opportunity.

Given this knowledge, and the current DES competitive market, we have decided to concentrate on our evolution program and put further investment in one of several other fourth generation DES projects, Lab Coat Element, on hold for now. We like the technology and will explore ways that the Lab Coat technology can be leveraged for coating and polymer applications on future DES technologies. We believe this decision will afford us the highest probability of sustainable long term success.

Turning to our other CV product lines, our worldwide non-stent IC core business posted \$250 million in revenue for the quarter, which was down in constant currency terms from quarter four 2008 by 3%. This decline was mostly attributable to PTCA balloons due in part to delayed product launches combined with the timing sequence of new competitive launches. We maintained our US and worldwide leadership positions with 56% and 40% share, respectively. We're looking forward to a series of new product launches over 2010, the APEX platinum prebilitation balloon catheter began this rollout in mid January with excellent initial market response and the MC Quantum APEX postbilitation balloon catheter is planned to launch in the third quarter of this year. We believe these products should result in year-end balloon market share gain in the mid single digits.

In addition our COMMENCE guide wire is planned to launch in the third quarter this year representing an exciting wave of new products in this segment and most notably a first time highly competitive entry into the large work horse wire market. We anticipate market share gain in the low double digits by the end of 2010. In our peripheral interventions business, we maintained a solid position in a growing market, but we did realize slowing of sales growth rates in third and fourth quarters of 2009.

In the US, we estimate market growth rates decline 2-3% in the second half and nearly 5% over the first half. We continue to investigate procedural slowdown as the root cause of PI softness during the quarter, and we're actively monitoring this trend in the New Year. At this time however, our growth thesis remains intact. The first quarter will give us ample opportunity to evaluate procedural trends globally. We continue to hold the number one position in multiple product categories, the US launches of the Sterling ES PTA balloon catheter, the carotid walls tent and the express renal SD stent as well as international launch of the Epic vascular stent has positive momentum for this business.

The international Epic stent launch gained momentum with the increase in order rates and market share gains in the fourth quarter. We have substantially completed all filings associated with our Express LD Iliac Indication PMA. Although we expected to receive PMA approval in the fourth quarter we estimate this should be received in the first quarter this year. Worthy of note, this approval is one of the keys to the US PI performance in 2010. We did experience

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it for our long balloons and Sterling long balloons. These launches will occur in the first half of this year, and we also receive the CE mark for our adapt carotid system and will begin a limited market release in Europe in the first quarter. With these 2010 launches and the expected launch of our carotid wall stent system in Japan we should be able to expand our PI leadership over time.

Overall our cardiovascular business continues to be well positioned with unique two drug offerings, a long list of leading franchises, stable market fundamentals, albeit with some near term price weakness, and a robust product launch cadence. We absolutely believe our overall cath lab leadership will be strong over the next few years but we're realistic enough to recognize rightly or wrongly that with post TCT headwinds we face near term, our guidance must reflect those realities. Our Neurovascular business maintained global leadership during the quarter, recording strong sales in spite of competitive pressure, resulting from recent new product launches.

For the quarter, we saw very strong growth in our guide wire business, which was up more than 12%, our Wing Span stent system was up 37% and our Gateway balloon catheters were up 4%. Hemorrhagic coiling was down 15%, and neural form stents were down 3% versus prior year. New product launches later this year, especially the Phoenix coil, should allow us to quickly turn these negative franchise trends into a positive. For the year, we saw growth across nearly all franchises with the exception of coils, our catheter business grew 3% worldwide, and our guide wire business grew 16% as our customer base continued to expand and convert to our Synchro 2 guide wire technology.

Our ICAD or Intracranial Artherosclerotic Disease business grew 11% worldwide and of note we expect, we experienced 59% growth in China. During the quarter Korea and Brazil received approval for both Wingspan stent and Gateway ballooning. Despite softening as a result of competitive launches in both coils and stenting we maintain approximately 41% and 46% market shares respectively. From a country perspective, it's worth noting the strong sales growth this year in China, up 18%, Brazil, up 16%, and Korea, up 9%. These are emerging market countries that we're going to increasingly focus on with our announced international structural changes.

The Matrix and Platinum Science, MAPS trial enrollment is complete with primary end point publication expected in 2011. The NIH sponsored Wingspan stent and Gateway balloon system trial continues to enroll patients with more than 200 patients already enrolled. As we move into 2010, we have raised neurovascular list prices by almost 5%, reflecting continued strength of our market leading technology position. The introduction of new technology in both hemorrhagic coiling and adjunctive stenting should clearly provide upside. The endosurgery team once again performed well, up 9% constant currency for the quarter with Endoscopy growing 10% and urology/gynecology growing 8%. The Endoscopy division continued its strong performance, reporting another solid quarter posting 15% worldwide growth, 10% at constant currency and 11% in the US market. For the full year, endoscopy grew 8% at constant currency worldwide, and 8% in the US.

Market adoption of the WallFlex Biliary RX stent system continues to be excellent. In support of this franchise, the division announced the enrollment of the first patient of the benign stricture in the WallFlex Biliary stent. The trial will evaluate removal of the stent from patients with benign bile duct strictures as well as effectiveness of the temporary stenting for the long term biliary stricture resolution. The limited launch of the fully covered wall flex esophageal stent was expanded and the full launch is now planned for the first quarter. In the biliary interventional space, the launch of the Dreamtome RX Cannulating sphincter zone and Dreamwire high performance guide wire helped to drive worldwide constant currency growth at 7%. The continued market acceptance and superior performance of the resolution clip led to global growth of 16% in our increasingly important hemostasis franchise. We will continue to execute key product development milestones in support of the 2010 new product launches. During the first quarter 2010, we will continue the commercialization of our market-leading WallFlex stent line, new RX Biliary devices, and expanded sizes of our radial jaw for biopsy forceps.

Urology/Gynecology delivered very good results for the quarter, including excellent growth in our Women's Health business, and the return to the market of Prolieve. The Prolieve product issue which resulted in the July recall was corrected and we relaunched the new catheter in mid November. Urology/Gynecology grew 8% worldwide on a

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constant currency basis in the fourth quarter. Growth, excluding Prolieve products, was very strong at 10%. Several new product launches in the first half of the year continue to fuel growth in the Women's Health side of the business, which grew a remarkable 23% versus prior year. The single incision Sling system, the Uphold vaginal support system, the Pinnacle posterior pelvic floor repair kit and the second generation Proserva HTA procedure set all performed better than expected in the fourth quarter.

Urology/Gynecology continued to extend its leadership in the core stone management business with growth of 6%. For the full year, Urology/Gynecology grew 6%. Growth, excluding the Prolieve products was 9%. The numerous product launches throughout the year in our Women's Health business helped deliver 19% growth in 2009, and our core stone management business continued to deliver above market growth offer 6%. In 2010, we will continue to execute on our Women's Health growth strategy as we leverage the success of our new product launches, and prepare for our next generation Genesis HTA system for the treatment of excessive uterine bleeding.

Finally, our worldwide neuromodulation team delivered constant currency sales growth of 18% in the fourth quarter, with the US also growing about 18%. For the full year 2009, neuromodulation has achieved approximately 17% year-over-year growth. The year started out slow with single digit growth in the first quarter due to the launch of new competitive systems in late 2008, as well as significant additions to the sales management team. We ended the year with good momentum, as we delivered double digit growth throughout the last three quarters. The market clearly values the technology built into our Precision Plus spinal cord stimulation system, the only system to offer 16 multiple independent channels versus the single channel of the new competitive systems. The result, this distinction makes our system better engineered to target and treat chronic pain.

In 2010, we're looking forward to the launch of to new lead products in the first half of 2010. These product launches, combined with the technological advantages offered by our spinal cord stimulation system, look to provide us with continued growth through 2010. Let me finish this section with some overall perspective on the following: First thoughts on what we liked about the fourth quarter and full year, what we didn't like and a few hot topics for takeaways. On the side of likes, number one, we like the fact that we were able to gain European approval for our third generation DES PROMUS element stent, we are very proud of our development, clinical, regulatory and manufacturing teams that were able to keep to a very aggressive schedule and deliver an internally manufactured everolimus stent several weeks ahead of schedule in advance of the expiration of the Abbot supply agreement.

This launch marks the beginning of higher margins on our everolimus offering as we shift positions from PROMUS to PROMUS Element both in Europe and in other CE mark countries. We remain confident we can stay on track with our timeline to gain PROMUS Element approval in the US and Japan in mid-2012 as well as TAXUS Element approval in Europe later this year and in the US by mid 2011.

Number two, we were pleased to see yet another quarter of strong growth in our endosurgery group including 10% growth in the quarter from Endoscopy which surpassed \$1 billion in annual sales for the first time, Kudos to them. The Endoscopy and Urology/Gynecology businesses represent an essential and valuable part of our business, delivering consistent above market revenue growth and leading a majority of their markets. We'll look forward to aggressively expanding both businesses globally.

Number three, we liked our continued strong adjusted free cash flow, which totaled \$1.5 billion for 2009. We closed the year with nearly \$900 million of cash on hand, and we were able to lower our debt by more than \$800 million during the last 12 months. In terms of reducing our long term debt, we issued \$2 billion in senior notes, which allowed us to prepay the remaining bank term loan due in April 2011. This debt offering was well received by investors, enabling us to increase the offering at very attractive rates and attract a substantial 30 year crossover segment. We intend to continue using our strong free cash flow to prepay debt, and we expect to satisfy remaining refinancing of our 2011 debt maturity by the middle of this year.

Number four, lastly on likes, on the strength of our debt refinancing and our continued strong cash flow, Standard

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& Poor's upgraded our corporate credit rating to triple B minus investment grade, the rating upgrade acknowledges the strength of our product portfolio, our commitment to debt reduction, our improving financial fundamentals and the progress we're making driving profitable sales growth. The rating was reaffirmed following the most recent J&J litigation settlement.

Dislikes. Now let's look at what we didn't like. Number one, we didn't like how we got to our fourth quarter earnings. To quote the old street phrase, "we got there ugly" but better on the number than under it. We didn't like our gross margins which fell for the second straight quarter although a large majority of the drop is due to two non-recurring events, the CRM advisory and third party sourcing agreement.

Gross margins remain an area of concern and intense focus, the PROMUS Element launch in Europe was good news on this front but it witness be offset by the anticipated product mix shift due to the launch of PROMUS in Japan. As I've discussed previously we have programs in place with respect to price management and mix and we expect to see tangible results much later this year from these efforts. As well as the benefits from cost reductions resulting from our plant network optimization program. However, we expect to see these lower levels of gross margin throughout 2010 as we rebuild the business.

Number two, we didn't like the lingering impacts on our DES mix based on clinical data at TCT. I've gone over this with some detail but it's worth briefly revisiting for clarity. The strong results for PROMUS and TAXUS Express in the SPIRIT trials reinforced what physicians already see in real world practice. We have officially objected to the irresponsible claims published in the Lancet regarding the use of TAXUS. Experience has shown we cannot rely on results from a single trial especially one with major limitations as we've identified and compare. The data are simply and completely inconsistent with the extensive body of evidence supporting the safety and efficacy of TAXUS Express and TAXUS Liberté.

We look forward to results at future multi-center randomized trials but we expect it will be more consistent with the excellent outcomes from other TAXUS trials. We also look forward to the 12 month data from the PERSEUS trial, scheduled for release at the ACC in March. The primary end point data will provide insight into the performance of our third generation tax us element stent and work horse lesions of small vessels. Bottom line, and December pile all noise to the contrary, tax us and PROMUS remain the best selling and best performing DES platforms on the market. We are pleased to offer both to our customers and to their patients.

Number three, we didn't like the response of St. Jude Medical to the disciplinary actions we took during December. We exited from our Company several sales representatives and Managers who among other things repeatedly breached our healthcare professional Code of Conduct. St. Jude has chosen to quickly hire many of our departed staff, we have invested extensively in building our HCP program under our new Chief Compliance Officer, Jean Lance. We have strengthened our internal policy and act aggressively to insure ourselves all of our customer facing employees comply with those policies. We hope and expect our policies and overall approach our leading edge and executable globally. We cannot control what others do.

So-called greener pastures may allow for a more relaxed viewpoint towards HCP relationships, the problem with pastures are, you have to be careful where you step. By taking these chances, market share gains maybe created but these gains can be expensive and might go far into the future. In the short haul, we will for certain lose sales, but I believe in the long haul we will be held in high regard by those that count for our efforts in the healthcare professionals arena. Others may not be so fortunate.

Number four, another thing we didn't like was an article that appeared in the Journal HeartRhythm on a single patient who had been implanted subcutaneously with a COGNIS CRTD. By now you seen the press release we issued yesterday on this subject so you know the story. I want to make some additional general comments. Heart Rhythm was completely out of line to publish this article prematurely, without even requesting our engineering analysis of the explanted device. We conducted our own analysis that became abundantly clear that our device worked normally and

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that the weakened header bond was not the problem. We believe the problem was caused by a competitors' lead, not our device. Even if you count this case, we've seen only three cases of potential problems with header bond in subcutaneous implant out of more than 90,000 cases. Those numbers are well within accepted norms. We've improved the bond and we're getting these devices out to customers, allowing for either subpectoral or subcutaneous implantation. This transition should be completed next month. We welcome and support open debate, but that debate must be fact-based. HeartRhythm should not have published this article before all the facts were known.

As an aside, I hate coincidences. Over the years I've become an experienced skeptic, but I try to stay open to ever improbable happenings. A medical device failure on a single patient in New York, it happens. Immediate filing of a device report followed by an immediate web filing. Okay. The story is published immediately in a well-regarded medical journal. Really? The journal doesn't call the manufacturer for any input or technical analysis, very odd.

Two well known New York based newspapers simultaneously write a story, okay but it's getting stranger. This whole show happens on the very night of that same manufacturer's quarterly earnings release, now I'm back where I started. I sure hate coincidences. Of course the disconnected and unrelated single incident is on implantation base of 90,000 surgeries and it's probably just me and maybe this well constructed story does hang together or maybe Cognis and Teligen are just great products. Who knows, I probably just shouldn't be so skeptical.

Number five, last on the dislike list is our flat growth in the fourth quarter, and modest year-over-year sales growth. While we've seen lower than expected growth in our two major markets this year, we have been able to compensate with new products which accounted for 42% of revenues for the year compared to 23% in 2008. The major public question and ours is where will the SC growth come from in 2010 and the out years. Our guidance for next year indicates only slight growth against against difficult headwinds facing the entire industry. We've addressed this to some extent in our hundred day plan and result in major growth initiatives that are all under way as part of our new strategic plan.

Part of the answer will be to shift R & D and Business Development to higher pay off product investments, and increase our disciplined metrics to improve our (inaudible). We will also evaluate our business models to insure the most efficient structure while enhancing execution. In fact the restructuring announcements made last night are part of this larger initiatives. We have talked about increasing global sales focus to expanding our field force where appropriate and improving skill set for the use of sales best practices, and we'll also realize this portfolio not by drifting too far outside our core but by taking our existing call points and expanding the products and technologies we're willing to offer.

Our goal of this is to reduce risk, increase leverage, and accelerate profitable growth, especially in our non-DES, non-CRM businesses. In part this strategy will be delivered by a combination of very targeted acquisitions and divestitures. We have our work cut out for us but I'm confident the changes we're implementing will help us fulfill the enormous promise of this Company through greater innovation, more profitable and diversified sales growth and ultimately increase value for our shareholders.

Finally what were the hot topics for the fourth quarter and what were the takeaways? First is the recent news of the debate over healthcare reform. You're all aware with the election of senator Scott Brown of Massachusetts, the healthcare reform debate has been transformed. The proposed legislation would have been very damaging to Boston scientific and the industry in general, and we're glad Congress is reconsidering. We have Boston Scientific's support healthcare reform but we don't support legislation that raises costs, stifles innovation, destroys jobs and in the end would ultimately harm patients. We plan to remain actively engaged in the debate and we hope Congress will take the wake up call from the Massachusetts voters and develop a better approach to healthcare reform.

Second is our ongoing launch of PROMUS Element in Europe. I want to reemphasize the significance of this launch as well as anticipated follow-up launch of TAXUS Element. The platinum chromium alloy and new stent design used in the Element stent platform represents significant advances in DES technology. These stents are a generation

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ahead of older alloys like cobalt chromium which is used in XIENCE Prime. Our physician feedback with Element indicates this platform offers clearly superior deliverability and visibility, coupled with excellent conformability and low recoil. We believe this is a winning combination of promises to simplify procedures and allow treatment across a broader range of patients. Regardless of the ultimate TAXUS PROMUS split, we are the only Company able to offer customers the choice between two drug platforms. If we stick to our schedule within two years, they will be available on a third generation stent platform across all of our major Markets. As a result I don't see us giving up our worldwide DES leadership position any time soon.

Thirdly I want to comment briefly on both the J&J litigation settlement and our timely ability to execute top line improvements. During the quarter we paid \$716 million to J&J on the Near case and a number of other cases. The entire payment was covered by the reserves maintained on the balance sheet. This month we settled three other patent disputes with J&J that date back to 2003 and cover our Jane patent and J&J's Palmaz and Gray patents, resulting in a total payment to J&J of \$1.75 billion. We covered the first \$1 billion installment with \$800 million of cash on hand and a \$200 million drawdown of our revolver. We will post a letter of credit for the balance, including interest, which is not due until January of 2011. These settlements are no fun, but they are part of a concerted effort to mitigate risk throughout the Company including litigation risk.

In the past year, we have significantly reduced the volume of outstanding litigation, having now settled 17 losses with J&J, as well as disputes with other competitors and the government. While we still have a number of litigation for means there are now no material judgments or verdicts pending against this Company. More important, the payments associated with these settlements will not have an appreciable impact on the Company's debt covenants and the Company will still have significant liquidity under its credit facility. These litigation settlements do not change our short-term strategy with respect to strategic targeted acquisitions to augment our realigned product portfolio. The combination of acquisitions and divestitures were precisely aligned with our previously completed new strategic plan. Once we have refinanced our remaining 2011 debt maturities, currently targeted for the middle of the year, we'll reassess our appetite for more transformational mergers and acquisitions.

And with that, I'll turn it back over to Sam for this thoughts on our restructuring announcement, and then Jeff will provide our guidance for the first quarter and full year 2010 and I'll come back at the end with brief finish up thoughts on the hopes we have for the restructuring steps being taken. Sam?

SAM LENO: Thanks, Ray.

Before Jeff discusses our 2010 guidance, I'd like to make some comments regarding our planned restructuring initiatives which were included in the press release issued late last night. The key components of these actions include the following. First, we're integrating the CRM business into the Company. A major part of this integration includes combining our CV and CRM groups together with our national accounts organization into one integrated business that will be named the new CRV Group. Also, included in this group, will be our EP, PI, and Neurovascular businesses. The combination of our CRM and CB businesses will deliver better value to hospitals, better solutions to physicians, and better outcomes to patients. We have been working for a year on preparing to convert the CRM business to the same SAP system as the rest of the Company and that conversion will go live August 1 of this year.

Second, we're centralizing our R&D organization under a newly appointed Chief Technology Officer to better align our R&D innovation activities with our strategic plan objectives. Third, we are eliminating the endosurgery headquarters over sight structure and each of the two divisions within endosurgery will now report directly to Ray Elliott. Fourth, we're eliminating the international headquarters and realigning the international regions to be more effective in executing our new global strategies including a significant focus on emerging markets. Fifth, we are reorganizing our clinical organization to take full advantage of the global resources available to conduct more cost effective clinical studies.

Next, we are launching a major initiative to automate our distribution centers, which will drive down our

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distribution cost. Next we are modifying our compensation and incentive programs to better align cash bonuses and equity with shareholder value creation. Next, Ray is aligning his Senior Management Team, and he will discuss those changes in the few minutes, and we'll also be reducing management layers and broadening spans of control to improve effectiveness and efficiency while also improving accountability and commitment to achieving our operating plans and strategies. We are reducing non-sales related expenses and headcount to adjust our expense base for the changing market dynamics across some of our businesses as well as increased government regulation.

We'll also be initiating zero based budgeting across all major functions throughout 2010 and 2011 and finally we have launched a business and portfolio rationalization initiative in line with the new priorities that resulted from our recent strategic learning process. This will likely result in one or more divestitures as well as adding targeted acquisitions. The execution of all of these restructuring initiatives over the next 24 months other than any potential divestitures will result in the lowest reduction of our operating expenses by an estimated \$200 million to \$250 million. We'll then reinvest a portion of these savings into customer facing and developmental-related activities to help drive top line growth in the future.

The combination of SG&A and R & D expenses for 2010 should be flat to down from 2009 actuals as a result of the first year of this two year program. These expense reductions will be accomplished by reducing headcount as well as non-headcount related expenses. Headcount reductions are a key component to achieving these goals. As such, we're planning to eliminate approximately 1000 to 1300 positions worldwide through our restructuring initiatives excluding any potential divestitures. This represents a reduction of approximately 9% of our 12,250 SG&A and R & D workforce baseline as of December 31, 2009. The reduction activities will be initiated this month and are expected to be completed over the next 18 to 24 months. We will not publicly discuss the impact of these reductions on individual businesses, geographies or specific operating expense categories.

With some of the general themes that are common across these reductions include portfolio optimization, work elimination, process reengineering, and reducing spans and layers within our organizational structure. The identified reductions will result in a pre-tax charge of approximately \$180 million to \$200 million over the next two years and approximately \$85 million to \$95 million will be recorded in the first quarter 2010 and an estimated \$140 million to \$160 million for the full year 2010. The remainder is expected to be recorded throughout 2011. These expenses will be recorded primarily as restructuring charges with a portion recorded through our other lines of the income statement and the vast majority of these expenses will be cash charges.

As we did with our restructuring plan from 2007, we will have extensive full and part time dedicated resources to execute, track and routinely report on our progress internally through a dedicated project Management office and into a steering committee consisting of several members of our executive management team who are confident these planned actions are necessary in the most appropriate way to insure success with our goal of increasing shareholder value for the future. And now let me turn it over to Jeff Capello to discuss our guidance for the full year as well as Q1 of 2010.

Jeff?

JEFF CAPELLO, SVP, CAO, CONTROLLER, BOSTON SCIENTIFIC CORPORATION: Thanks, Sam. As we exit 2009 we face a number of challenges. The growth of the worldwide CRM market remains low and we estimate the defib market growth to be around 2% in the US, approximately 6% international, and 4% worldwide.

Disciplinary measures that we took with a number of our US CRM sales team members at the end of 2009 will have a negative effect on our US CRM sales performance during 2010, despite having what we believe to be the best technology on the market. These actions were necessary to insure that we realized our longer term sales potential of the CRM business. In addition, we have begun to launch a newly approved version of Cognizant Intelligent with a strengthened header; however we lost some opportunity in the fourth quarter as a result of the sub-pectoral product advisory we issued and we could face some additional lost sales as we work to restore physician confidence. As a result, the CRM disciplinary and advisory measures could result in as much as \$100 million less in sales in 2010, resulting in

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lower year-over-year growth rates.

We were very pleased with our total US DES market share position that we were able to carry into 2009 from 2008. As a result, our market share was stable throughout 2009 until data released at TCT in September caused it to lose some TAXUS share in the fourth quarter. This TAXUS share loss will continue to impact our year-over-year growth rates throughout the first three quarters of this year, until it anniversaries out of our comparative base in Q4. We estimate that the impact of share loss, principally in the US in dollars could be roughly half the impact of the CRM issues. The rate of DS pricing declines have stabilized, but remains more adverse than we anticipated a year ago. As we look at the trends in our CRM business, we are also seeing increasing price pressures in 2010.

Clearly the increasing influence of economic buyers in the US, the struggling European economies, and the increased competitions in some of our key markets is having a negative impact on price. In addition, 2010 falls in the natural two year cycle of Japan price reviews, which adds incremental pricing challenges. We will continue to closely monitor this throughout the year, as pricing pressures will put added downward pressure on revenue growth and profit margins in 2010 compared to 2009.

We continue to be the worldwide DES market leaders by a significant measure, but we have a higher mix of PROMUS versus TAXUS than we expected. While we have launched PROMUS Element in Europe and will begin to see a margin improvement benefit from this in 2010, we expect that the US mix shift that we experienced in the fourth quarter, as well as the launch of PROMUS in Japan, will contribute to negative margin performance in 2010 compared to 2009. The DES mix pressure on gross margin will continue until we launch Promus Element in the US and Japan in the middle of 2012.

The recent J&J settlement will put additional pressure on both our SG&A and tax expense. The expected incremental costs of \$30 million for the letter of credit fees and interest associated with the future payment will be classified as legal expense from an accounting standpoint, increasing our administrative expenses. In addition, interest on our Company positions associated with the payment of the settlement will drive up our tax rate approximately 200 basis points from 2009. We have tried our best to incorporate these issues and trends into our full year and Q1 sales and earnings guidance.

Let me now turn to full-year 2010 guidance. During our fourth quarter call for 2008, we provided full-year revenue guidance in the range of \$8 billion to \$8.5 billion. We have tightened this range at the end of the third quarter to \$8.134 billion to \$8.234 billion. We've finished 2009 within this range, at \$8.188 billion. This represented a constant currency growth rate for 2009 over 2008, excluding divested businesses of 4%. The items that I mentioned earlier will put pressure on our sales, growth rate, and our margins for 2010. We estimate that currency will be a tailwind in 2010, impacting over 40% of our revenue base. Including these factors in our plan for the year, we expect recorded revenue for 2010 to be in the range of \$8.1 billion to \$8.5 billion. This represents a recorded growth of down 1% to up 4%, or a constant currency growth of down 2% to up 3% for the year. If current foreign currency exchange rates hold through 2010, the benefit on our sales growth will be approximately \$117 million, or about 1% for the year. We expect our gross margin for the year to be between 67% and 68%.

As we discussed earlier, we will continue to see pressure on our margin as a result of lower pricing in our DES and CRM product offerings, lower overall DES share for 2010 versus 2009, and a higher mix of PROMUS versus TAXUS. This mix shift will be driven by the DES data released at the 2009 TCT, as well as by the launch of PROMUS in Japan and the related shift to PROMUS from TAXUS.

Investments in certain areas, and the impact of incremental costs associated with the recent J&J settlement mentioned earlier offset the restructuring savings. As a result, the rate of SG&A as a percent of sales for 2010 is expected to remain fairly flat compared to 2009. In the event of lower sales, we looked to further reduce our costs to offset any lost gross margins. As Ray and Sam have both mentioned, we remain very committed to investing to drive innovation. Our stated goal is maintaining \$1 billion in research and development remains unchanged. We currently

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expect other income expense to be roughly flat with last year, as we rebuild our cash position to satisfy the second obligation to J&J on the recent settlement and continue to repay debt.

We expect our adjusted tax rate for the full year of 2010 to be approximately 22%, excluding any discrete tax items that may arise during the year, but including the R&D tax credit for the full year. The full year benefit of the R&D tax credit is 200 basis points on our annual effective tax rate. The R&D tax credit has not yet been extended for 2010, but we are assuming it will be approved in the fourth quarter of 2010, as it has in many previous years. As a result of this timing, we expect our effective tax rate for the first three quarters to be approximately 24%, and the fourth quarter will be approximately 16%. Our effective tax rate guidance represents up to a 550 basis point increase over our operational tax rate of 17.5% in 2009, due to a variety of factors that effect our annual effective tax rate, including the negative effect of the J&J settlement announced two weeks ago, geographic mix of income, and the variability of interest rates on our tax reserves. As a result, we expect adjusted EPS for the full-year 2010, excluding charges related to acquisitions, divestitures, restructuring, and amortization expense, to be within the range of \$0.62 to \$0.72. The company expects EPS on a GAAP basis for 2010 to be in the range of \$0.37 to \$0.49 per share. Included in our GAAP EPS estimate is approximately \$0.10 to \$0.12 per share of restructuring-related costs, \$0.27 per share of amortization expense, and a credit of \$0.14 per share, related to our January receipt of \$250 million from Abbott on the approval of XIENCE V in Japan. We are expecting CapEx for the year to be approximately \$350 million to \$400 million, including approximately \$10 million to \$15 million associated with our announced restructuring.

Turning now to sales guidance for the first quarter of 2010, the quarter's consolidated revenues are expected to be in the range of \$2 billion to \$2.1 billion, which is flat to up 5% from the \$2.01 billion recorded in the first quarter of 2009. If current foreign exchange rates hold constant through the first quarter, the benefit of FX should be approximately \$75 million, or approximately 400 basis points relative to Q1, 2009. On a constant currency basis, Q1 consolidated sales growth should be in a range of down 4% to up 1%. For DES, we are targeting worldwide revenue to be in a range of \$385 million to \$425 million, with US revenue of \$195 million to \$250 million, and OUS revenue of \$190 million to \$210 million. For our defibrillator business, we expect revenue of \$440 million to \$470 million worldwide, with \$300 million to \$320 million in the US and \$140 million to \$150 million OUS. For the first quarter, adjusted EPS, excluding charges related to acquisitions, divestitures, restructuring and amortization expense are expected to be in a range of \$0.13 to \$0.17 per share. This includes an effective tax rate for the quarter on adjusted earnings of approximately 24%. The Company expects EPS on a GAAP basis in the first quarter of 2010 to be in a range of \$0.15 to \$0.20 per share. Included in our GAAP EPS estimate is approximately \$0.04 to \$0.05 per share of restructuring-related costs, \$0.07 per share of amortization expense, and a credit of \$0.14 per share related to our January receipt of \$250 million from Abbott, on the approval of XIENCE V in Japan.

That's it for guidance. Now let me turn it back to Ray for his final thoughts.

RAY ELLIOTT: Thanks, Jeff. Before I close, I would like to recognize Sam's effort this morning. He not only delivered our results to you with a really terrible cold, but I thought, did a credible impersonation of Wolfman Jack, so kudos to him.

Leadership and talent assessment were and still are a fundamental part of the 100-day plan we put together. We've installed new leadership criteria, and we've evaluated our top staff against those criteria. In order to be successful in both the restructuring and ultimately, the new Boston Scientific, you must have senior leadership that not only practices the art of leadership better, but is capable of doing so in a vastly different environment. A stream of changes underway include a major integration of Guidant CRM with Boston's cardiovascular, international restructuring, including the building of an emerging markets group, the development of the centralized R&D group and rapid consistent product development processes, a redesign of our clinical program, greater prominence for both endoscopy and urology in women's health, a substantial alteration of our product portfolio via both acquisitions and divestitures, a unique brand management strategy, and very importantly, a relentless global focus on sales. It is purposely a long list.

Much of Sam's history and mine is based upon larger-scale, more automated plants and distribution centers with

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sophisticated systems support. There will clearly be a vastly reduced amount of general and administrative dollars spent in total, with not only reinvestment into the aforementioned sales and systems. The entire process, which we started planning last year, will take 24 months, and make no mistake, like it or not, and we don't, 2010 is a rebuilding year. We should characterize it as nothing more and nothing less. Boston Scientific is a big ship, and it won't be turned in a quarter or two, but it will turn, and when it does, everyone will notice. Roles such as President of the Emerging Markets Group, and the Global Research Head will, along with others, be put to the test of both internal and external search. Instead of just our executive committee, the top 200 management positions in the Company will be evaluated against our new leadership criteria, and another 200 high-potential individuals will join the new Boston Scientific Top Down Leadership School. We will most assuredly be a more diverse company than we are today.

I won't take you through all of the names in the press release, you can read them for yourself, however, I will briefly share with you the philosophies behind the changes, they are important. Since July of 2009 through approximately March of this year, six individuals have left our Executive Committee through retirement, company exit, or in one case, sadly, the death of our friend and colleague, Dr. Don Bing. Five new individuals have been added, and six other individuals have completely new roles or vastly expanded responsibilities. The essence of the changes and our future comes to these few fundamental philosophies. First, we can have the greatest cardiovascular service line and value proposition in the world, better than anyone else, I believe. We can, with effort, successfully reach the new economic customer, with a fully integrant Guidant into Boston Scientific and a committed focus on our growth initiatives such as structured heart, hypertension, and AFIB. with our cross-care marketing program, we should be unbeatable.

Second, in R&D, we are too big, too slow, and in some cases, too decentralized, and certainly too expensive relative to the planned output. Our new Chief Technology Officer role will focus on Centers of Excellence, we have several opportunities, a fast, sophisticated centralized product development process, and cross-divisional corporate line portfolio management system. The individual business units will drive development and commercialization, with highly incented general manager-led project teams.

Third, we live in a world of opportunity globally, but as a company, we tend to be at worst, US-Centric, and at most, US-Japan-Western Europe-Centric. The development of the Emerging Markets Group, reporting directly to me, with independent India, China, Eastern Europe, and Brazil hubs, will not only focus on consistent double digit growth, but also on non-commercial development, related to corporate shared services, primarily transactional, technological research, clinical pre- and post-market processes, and both manufacturing and engineering, specifically aimed to target across price points and where appropriate, defeaturing. Substantial amounts of the existing international headquarters layer will be eliminated.

Fourth, we have converted both endoscopy and Urology/Gynecology into independent free-standing divisions, with the latter renamed Urology and Women's Health, and both businesses reporting directly to me. Both are expected to expand well past current revenues and approach through consistent double-digit growth, some \$2 billion each, during the next strategic plan period. Both will utilize internal product portfolios and technology, as well as selective acquisitions to lead the market in such areas as device-based women's health solutions, obesity, diabetes, pulmonary, asthma and other unique procedures derived from our flexible endoscopy birthright, and in keeping with our targeted growth initiatives.

Fifth, we will globally harmonize all sales best practices and processes through a special operations SWAT team. Their focus will be dedicated to excellence in ten key sales components -- forecasting, pricing, sales performance metric and tools, contracting, clients, incentive programs and compensation, sales financial management, individual accountability and corrective action, cross-functional collaboration, selling to the economic customer, and cross-care program marketing.

Lastly, sixth, the intentional plan for rebalancing, a major responsibility with its unique fashion will serve us best. Virtually all operational activities are shifted to Sam, and all administrative and financial responsibilities to Tim Pratt

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and Jeff Capello respectively. Similarly, all technical and research responsibilities have been captured in the newly created Chief Technology Officer role under Fred Colen. Even all the global integration restructuring tasks of which we now speak have been unified under a single accountable individual, Senior Vice President, Larry Neumann. The net effect of these changes allows me to operate directly each of the major product groups and geographic businesses, with what will be my decidedly relentless focus on sales and creative marketing.

I'm grateful to each of these friends and colleagues, along with many others, for their willingness to tirelessly and graciously climb these mountains on the Company's behalf. With that, I'll turn it back to Larry, who will moderate the Q&A.

LARRY NEUMANN: Thanks, Ray. Roseanne, in a minute, we'd like to open up the lines to questions. I just want to remind everybody, in an effort for us to field as many questions as possible, I would request that you limit yourself to a single question and one follow-up. If you have additional questions, please return to the queue and we'll try to get to you, if time permits. Again, I remind you that Ray will be joined during the question-and-answer session by Sam and several of the business Presidents, as well as Dr. Dawkins. Roseanne, please go ahead.

#### Questions and Answers

OPERATOR: (Operator Instructions). First question comes from the line of Bob Hopkins, Banc of America. Please go ahead.

BOB HOPKINS, ANALYST, BOFA MERRILL LYNCH: Good morning. Can you hear me okay.

LARRY NEUMANN: Hear you fine, Bob.

BOB HOPKINS: A lot of thanks that we could be asking questions about. I wanted to start with the comments you made on the CRM disciplinary actions. Could you give a little more detail there and exactly how many reps were involved and what exactly happened and why are you so convinced that you're going to lose that much revenue?

RAY ELLIOTT: Yes, I'll pass some brief comments. We're not going to get into numbers of reps and as I mentioned in my comments, there'll probably be some more -- we're going to have a world class healthcare professionals business here. You've heard that commentary before as we look at the history in orthopedics and in some other facets, pharma and so on. The nature of this business, the CRM side, is fairly sticky and I think we recognize the fact that in making those choices, you choose to lose sales along the way because reps will take business with them. So I think we've tried to put that into our guidance, rather than try to have to explain halfway through the year some of the sales circumstances. We're doing it upfront now. I know people, I didn't have a chance to read all the reports this morning, but I know people may feel we're throwing the sink at this. That is not true.

We're simply trying to give early communication to the relevant things in our business. This is relevant as Jeff commented to the tune we believe of \$100 million. It's unfortunate but I will tell you as I've told some of our shareholders, make no apologies of any kind for \$100 million smaller business, we're going to be the kind of business we want to be.

BOB HOPKINS: No sense as to how many reps this involves?

RAY ELLIOTT: I wouldn't disclose that at this point, Bob. I'm not sure we will later on either. I would rather just leave it where I've communicated.

BOB HOPKINS: Okay. Then I just want to ask a question on gross margins because it looks like the guidance for 2010 versus where you came out in 2009 is about down 250 basis points, 2009 excluding the issues in the fourth quarter that look to be one-time are pretty consistent around 69, 70% gross margin. Looks like you're taking that down by roughly 250 basis points. So I'm just curious if you could kind of break out that 250 basis points in a little bit more

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detail. How much of that is coming from these cardiac rhythm management issues that you're talking about versus how much is coming from assumptions on TAXUS share and I was wondering if you could just give us a sense as to what kind of global share you're assuming for TAXUS in 2010 guidance? Thank you.

RAY ELLIOTT: Thanks, Bob. Good question. I'm going to ask Jeff to respond to that.

JEFF CAPELLO: So Bob, you can kind of look at it I think in two pieces relative to the gross margin. One is kind of the drug-eluting stent side in the US and the other is Japan, frankly. As you look at kind of our guidance relative to drug-eluting stents we're going to lose some share as a result of the next three quarters, the first three quarters of 2010, anniversary through kind of lower shares as a result of the impact of compare at TCT. That is going to cost us some gross margin because obviously we're losing share in one of our highest gross margin products. That takes away from share.

You also have the issue of a mix shift within the US between PROMUS and TAXUS with us having more PROMUS sales in 2010, as you adjust for that loss of share. Combination of both those are let's say a third of the gross margin issue that you asked about. Then you go to Japan, and in Japan we're anticipating a mix shift as well from purely TAXUS to a mix between TAXUS and PROMUS. That's probably, I don't know, another maybe a quarter of the complete amount and then another quarter is roughly every two years in Japan there's a fairly rigorous reassessment of pricing, both relative to a foreign basket of pricing across the world as well as kind of a profitability index that hospitals have and both those things combine to be a fairly deep discount in prices. That's very similar to kind of the Japan DES mix.

So it's really those are the big factors that kind of weigh on the gross margin. I will point out, however, that we do have some good things going on within gross margin. We have a very disciplined value improvement program where we strive to take out quite a bit of cost year-over-year. That's baked into the gross margin. But we are seeing as well pricing compression on the CRM side so that's somewhat offsetting kind of some of the good work that we're doing in manufacturing. So it's kind of a basket of let's say those five factors.

OPERATOR: Your next question comes from the line of Mike Weinstein from JPMorgan. Please go ahead.

MIKE WEINSTEIN, ANALYST, JPMORGAN: Good morning, guys. Thanks for taking the questions. Let me start with a couple items. Ray, I think you commented that, and I'm going to try to get this right, I think you said on the call that once we have refinanced the remaining 2011 debt maturities targeted for the middle of the year we'll reassess our appetite for more transformational mergers and acquisitions. Could you give us a sense of what you think would be transformational in terms of size and given the J&J settlement what your capacity is to do a large transaction.

RAY ELLIOTT: I wouldn't comment directionally on transformational, but size-wise, obviously the things we're looking at today are rough numbers between 1 and \$300 million, occasionally wander above and below that but that's really the correct range. I think our ability to -- when I say transformational, transformational doesn't necessarily mean Monster deal, it means things that are larger than that that could allow us to derive a larger number of products through the same call point. I think one of the things people maybe miss, I put it a couple times in this presentation, I try to reaffirm it with people is the leverage here is not gained by going out and wandering off into things way outside of our knitting but rather to take the great sales forces we have and derive expanded product lines through the same call points and the same people we know well today so in many cases that will create the opportunity.

In terms of capital and last part of your question, Mike, I watched as analysts and others have done the recalculations post J&J and came up with new liquidity, new available capital, how will they grow the top line with less available even though the numbers are still pretty attractive. I think what was missing in the piece is the ability to marry that cash and those debt dollars available while keeping our investment grade rating with the divestitures we will make, product lines and businesses, et cetera, in order to monetize those and add that to the available debt capacity and cash to create I think a much bigger war chest than perhaps people have been thinking about.

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MIKE WEINSTEIN: Is that missing piece, is that a first half of 2010 event. Have you already identified which businesses are potential candidates?

RAY ELLIOTT: We have completed all of that work actually last year and these are -- of course we don't control all the events as you might imagine, takes two to tango, but -- or we hope it takes ten to tango in this case. The fact of the matter is that we hope to get all of this done during 2010 and as much possible in the first half, but again we don't control all the events, obviously.

MIKE WEINSTEIN: Jeff, the tax rate increasing to 22% in 2010, part of that is a function of the settlement with J&J. So can you give us some sense of what the sustainable going forward tax rate would be in 2011 and beyond, if you can try and do that?

JEFF CAPELLO: Yes. So there's about 200 basis points of upward pressure as a result of the settlement with J&J which we should be able to kind of manage over kind of the medium to long term and then the other two pieces that are driving up short-term are the potential change in geographic mix. Obviously we have some favorable tax regimes in different spots and depending on the mix and sourcing of product, that can move. The other swing factor, frankly, is the interest rate.

We have tax reserves on the books that we're required to post interest on. If interest rates go up, those -- the interest expense of increasing those reserves goes up to the tax line. And we're currently at a fairly historic low from an interest rate perspective so we thought it was prudent to allow in the tax rate for 2010 for some upward pressure from a rate perspective. As you look beyond 2010, 2011, I would say that rate probably comes back down to kind of like maybe a 22%, maybe somewhere between 20 and 22%, probably closer to 22%.

OPERATOR: Your next question comes from the line of Rick Wise from Leerink Swann. Please go ahead.

RICK WISE, ANALYST, LEERINK SWANN: Good morning, Ray. Back to the J&J settlement, I understand the risk management aspect of things, maybe you could talk to us, what's the risk of other similar large settlements or are these behind you? There's some concern that the J&J settlement didn't include Element. Is that a worrisome risk?

RAY ELLIOTT: Yes, I think as you look at one of the things we're putting in is an enterprise risk management system here that we review with the Board. So we tend to focus -- I think we do a very good job, actually, compared to most companies, of disclosure in the Qs and Ks on that. I think we have to separate the business we're in and the natural environment it creates relative to litigation from all other risks and then within litigation there are those that are yet unresolved. There are those where we're part of a group of people that's involved in the same debate and the same legal issue and separate those out and methodically decide how to best solve them.

Do we worry about it more than any other risk? I don't think so. There's lots of risks out there. I think we've gone through our process of clearing the decks on those. I fundamentally believe we have to take this company back down to its basics, clean out all the things that are variables and overhangs and assess the right direction for growth. I honestly believe we've done and we've done it in record time. It is complicated to do this, especially when you have somebody new walking in the door like me.

I've also got Tim Pratt here. I don't know if Tim wants to make some additional comments specifically on the litigation side.

TIM PRATT, EVP, SECRETARY, GENERAL COUNSEL, BOSTON SCIENTIFIC CORPORATION: Hey, Rick, this is Tim Pratt. We have obviously made some significant inroads into reducing the litigation risk facing the company, not just with J&J but with respect to matters we've announced in terms of resolving matters with the government. There was a significant amount of risk here. It's reduced.

However, when you look ahead, there continue to be battles with J&J. We have claims against them and some of

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their products. They have some back against us. Some of them do touch the PROMUS products on an ongoing basis, not so long ago, about a month ago, a federal judge in Delaware invalidated four of Johnson & Johnson's patents that were sort of the core of one of their major litigations against us. So as Ray pointed out, we're in an industry in which litigation is alive and well. We do sit every way we can. We manage it every day. But it continues to be around.

RICK WISE: If I could follow up on the ICD issue, Ray, or maybe just a question for Fred Colen. You discussed the three reports. Maybe what's the possibility of additional reports coming in? I understand docs have something like 90 days to report issues. I'm guessing because of publicity they're all going to go back and take a look. Do you feel like you've captured it now or will there be other commentaries in the headlines about this? Thank you.

FRED COLEN, CTO, BOSTON SCIENTIFIC CORPORATION: Yes, Rick, this is Fred Colen. On that point, so we talked about the fact that we've seen three events in the subcutaneous population. That is the total historical number that we have seen and in that category, we even counted the last event of which we believe the device in terms of a weakened header was not the root cause. We also, as you know, in December, we did an advisory on the subpectoral impact of those devices and as a result I believe that a lot of physicians already went back and looked at the performance of these devices, in particular in subpec, but broader as such, and we have gotten very, very little additional complaints or events back in the near term. So while you can never exclude that there may be another event out there here or there, I don't expect this to be a major ongoing issue as it relates to reported events coming in. The other point is that we as a Company have moved as fast as we could to transition inventory to allow physicians to have the flexibility of using the newer devices in both subcutaneous and subpectoral use, which is why we did this, and that is proceeding well, so we believe by the end of next month we will have complete transition in the US as well as in Europe.

RAY ELLIOTT: Rick, just to add to that, it's Ray, from a financial point of view, as Sam and Jeff both commented, as you add up the return aspects, the write-off aspects of inventory, and some elimination of related manufacturing technology, that's a substantial part of the negative impact one-timer that you saw in the gross margin totaling \$49 million in the quarter. So we've taken aggressive action and I think appropriate action as Fred said, there's been a lot of back-look already as people are sensitive to this issue and they should be.

OPERATOR: Your next question comes from the line of David Lewis from Morgan Stanley. Please go ahead.

DAVID LEWIS, ANALYST, MORGAN STANLEY: Good morning.

RAY ELLIOTT: Good morning.

DAVID LEWIS: Ray, just one quick question on the disciplinary issues and maybe a bundle one on margins. I'm assuming the nature of the discipline issue was relatively binary so I was confused by your comments that there could be further departures maybe over the next few months. Could you talk about the nature of the disciplinary action and why you could see this play out in a fashion.

RAY ELLIOTT: I'm not going to go into the nature of the disciplinary action, David. I don't think it's appropriate. What I will say is this. It's a sticky business and if other companies, as I say, choose to hire some of our folks, they may attract others. We sound like we're getting some bounceback so I apologize if we are. But I think it's possible other folks may join their friends or join people they know.

DAVID LEWIS: Okay. So the disciplinary process is over but there could be some pull-through?

RAY ELLIOTT: There could be. I think we're trying to get you and us out in front of that.

LARRY NEUMANN: Are you on a speaker phone?

DAVID LEWIS: I'm actually on a headset.

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LARRY NEUMANN: We're getting the feedback from that.

DAVID LEWIS: One second. I apologize, is this better?

LARRY NEUMANN: Yes, thanks, David.

DAVID LEWIS: I apologize for that. Two quick margin questions. Sam, you've been very helpful in the past providing what the CRM opportunity was, last year 1,000 basis points of improvement, may have come in lower given the fourth quarter. Can you talk to us about expectations for 2010 and where CRM leverage can go? Is that number going to be flat? Is there still opportunity to drive that higher opportunity reasonable for 2010. Then the second piece is on SG&A, you talked about reinvesting some of these savings. Can you give us a sense or whether there would be a 10% reinvest month SG&A cuts or 50% reinvestment of those SG&A cuts.

SAM LENO: Let me address CRM first. Going into 2009 we expected about a 12 percentage point improvement in their operating profit margins from 15% in 2008 to about 27% in 2009. And as a result, principally of volume, we fell a couple points short of that. Did a great job, but still volume took its toll on the volume portion of those improvements.

We still have as a result of the restructuring, the CRM plants now report into the Executive Vice President of Operations and he is already focusing his energy and built into our plan and that business is still take out 5% or so of product cost out of the standards in 2010. The 12 point improvement I mentioned was operating profit, which came in large part from gross profit and to a lesser extent from expense control. We did do a good job in both in that business but fell short on revenue. As we look at 2010, we expect to continue to improve gross profit margins as a result of the combination of CRM and CD, we will improve the combined operating expenses as well and that should give us the ability to come a lot closer to those goals effectively by the end of 2010.

As relates to the reinvestment, one of the comments I made was it's a 24 month program that will achieve \$200 million to \$250 million in savings. And it will take roughly 18 to 24 months to complete all the activities. So we would expect to exit 2011 with all the activities in place so we'll see some of the savings in 2010, a lot more of the savings in 2011, and the full year impact of all those coming into roost in 2012, typically by the first half of 2012. What I did say in my comments is as a result of both the combination of inflationary growth and other reinvestments as well as the net offset of the savings in the first year, we should see SG&A and R&D expenses in 2010 flat to down compared to 2009.

OPERATOR: Your next question comes from the line of Larry Biegelsen from Wells Fargo. Please go ahead.

LARRY BIEGELSEN, ANALYST, WELLS FARGO: Thanks for taking the call and good morning. First, could you talk about the change you made to the header of COGNIS and TELIGEN and why you're confident that it will eliminate the problem of a weakened header.

FRED COLEN: This is Fred, Larry. So we have done an extensive amount of testing around the strength of the actual devices, compared to clinical requirement. We have also looked at how can we further improve that bond and we have identified several ways in manufacturing processes by how we can achieve that. So as a result of that whole analysis which we actually were working on in the second half of last year, we identified the accurate performance against clinical needs for sub-Q and subpec implementation sites. We identified several ways in the manufacturing processes to improve the strength of the header and as a result of all that we went through a rigorous process internally including the patient safety advisory board that we have to identify what we have to do.

As such, we advised in December for the subpectoral implementation sites that we did not take any action on the sub-Q side and it was clearly in coordination and with agreement of the independent patient safety advisory board. So we have worked through this. This is done in a very aggressive and quick fashion. We have identified what the requirements are. We have identified how we can improve the header bond. We have been completely transparent with the FDA and all the regulators around the world and we've put all the actions in place to move through the transition. The transition is being done and being rolled out as we speak as I said before. I think those are the key points as relates

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to headers.

LARRY BIEGELSEN: Thank you. And last, Ray, for Ray, the warning letter, the debt and the litigation, what we hear is that this has put you as a competitive disadvantage to your competitors from an R&D standpoint. It would be helpful to hear your perspective on that and when we're going to get visibility on some of the new exciting areas that you talked about in the restructuring press release. Thanks.

RAY ELLIOTT: Yes, the warning letter I don't think -- I think as we complete our reviews with the FDA, I don't think that -- I think some time ago that was perhaps really was a competitive disadvantage if for no other reason you were unable to release new products or grant and retain your foreign certificates for sales but I don't see that in the near term. We expect and hope to be hearing from them soon, but I don't expect that to be any kind of disadvantage. In fact, I'd like to turn it around the other way and say I think with the systems we put in place and our ability to market those is quite the opposite, is a strategic advantage.

The debt and the relative debt proportioning that we can have versus the monetization of various assets and the kind of targets we're looking at, can't imagine where that is a disadvantage. The only issue would be we want to and will retain investment grade ratings so to the extent that is a control on things, I would agree with that. But that is a good place to be, as you know. Litigation is a come and go. If you spend enough years in this business like a lot of us have sitting at our table here, you become accustomed to that in med devices, I don't like the big settlements. I don't like the short-term issues it may cause for us but in the long haul of events I don't see where that's a negative. It's a two way street, there's some coming the other way.

I understand as people look at us that those points get -- I don't want to dramatize, a little unfair to you, but I understand how they get written up quite a bit. I think the reality if you look at our liquidity and our potential to do acquisitions, our potential to monetize divestitures, our potential to trim out that litigation and trim out risk in general, frankly, and with little bit of hope and luck in the near term, the public lifting and we will see it publicly as you know with new FDA policy, the public lifting of the corporate warning letter will all be positives for us.

SAM LENO: If I could make a comment Larry on litigation. Clearly the big settlements we made, both what we paid last year and what we paid this year, those are tied -- those big settlements are tied to IP litigation going back and forth between those companies and what we just settled was IP, were IP cases that were already lost and what was going to happen next was the awards. What's left, while we still have some issues left on IP, what's left will take some time to play out.

Typically what happens, for example the Mirror case took 10 years to come to final resolution. What typically happens is there's a claim made, there's some time before a judge chooses to hear it or not. When they choose to hear it, there's another period of time to get on the docket, a year or sometimes longer. When they hear it, whoever loses appeals. That that's another year, year and-a-half. When the appeal process is done there's awards case as well. Sometimes they're together, sometimes they're separate.

That takes a while. As we look at the remaining litigation, while it's still out there, back and forth, the time horizon for the IP litigation that's left is much further than the time horizon of what we just got through dealing with.

OPERATOR: Your next question comes from the line of Tim Lee with Piper Jaffray. Please go ahead.

TIM LEE, ANALYST, PIPER JAFFRAY: Thanks for taking the question. Without getting into multi-year guidance, how should we think about Boston's growth profile now here from a top and bottom line perspective, given some of these strategic moves and some of the reinvestment initiatives that you're taking.

RAY ELLIOTT: Thanks, Tim. I think obviously we have highlighted the short-term challenges. We believe we can grow our business sort of 3 to 5% based on the markets we're in, the positions we've got. It should allow us to move forward on profitability and earnings in a double-digit fashion. I wouldn't get any broader and these are obviously to

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your point aspirational. This is not long-term guidance.

The other thing I would say is as we look at -- I mean, obviously you haven't read our plan and we haven't communicated it yet as we complete things. I think as we look at many of the marketplaces we have. Building business plans, acquisitional plans, monetization plans and whatnot to go with that and I think as we look at those opportunities, we get ourselves into very comfortable feeling that we can get aspirationally to high single digit sales growth and obviously much stronger growth on the EPS line. I'm also I guess of the belief that if we do it and show it and people buy into it, they will rethink our multiples simultaneous to seeing that performance. So again, without giving you the long-term guidance, we have a plan that reflects that. This is not a speculative conversation.

TIM LEE: Thank you. Just wanted to follow up on the CRM disciplinary action as well. In regards to actions that resulted in the reps termination, is there any risk of Boston being under some disciplinary actions from the regulatory agency based on the actions of those ex employees.

RAY ELLIOTT: I don't know the answer to that. I think our job is to make sure the HCP processes we have in place and the ethics rules we have in place meet the highest standards and that if people come and look, they are happy with what they see. I can't spend all our time worrying about if somebody's waiting at the gate for us to come in. Doing the right things, making sales the right way and I'll let the government and our competitors frankly live their lives independently. We're not going to spend our time worrying about that. We'll do our thing.

OPERATOR: Next question comes from the line of Glenn Novarro from RBC Capital Markets. Please go ahead.

GLENN NOVARRO, ANALYST, RBC CAPITAL MARKETS: Thanks. Ray, a question on your CRM sales force. Notwithstanding those who you let go. When you go back to your third quarter call, you talked about how the sales force lacked efficiency and how you had a lot of new reps that needed to grow. So can you comment on what's left now? Is the sales force strong enough now to continue to drive share gains beyond these near term issues? That's question one.

And then it seems like from a modeling point of view, or ICD numbers, growth should be more back end loaded given that the reps need time to mature and you've got new product flow in the back end of the year. Is that a fair thought? Thanks.

RAY ELLIOTT: Yes. Let me do the last one and I'm going to ask -- I'll make a couple comments and ask Fred to take over. I would just say on your last comment, that's absolutely correct, the flow is more back ended as we commented on the script commentary. The other card here is indication, expansion, and the direct implication that has on us on the controllers, if you will, of the data and some of the potential for CRTD. I would make that comment.

On the sales reps side, I'll just put in two seconds worth and let Fred take over. But we all underestimated when you bring in very, very new folks the length of time and efficiency associated and we're just getting through some of those stages now of where they become more affected and of course so there's no confusion on the integration, if you will of CRM with cardiovascular, that is not an integration at the sales rep level. Nobody is losing their sales rep. We're not cross training plumbers and electricians if you will at the sales level. Fred, you want to make some comments?

FRED COLLEN: Yes, let me add to that, Ray. So first of all, as you point out, Glenn, we did go through hiring quite a few additional people that have to go through a quite long period of time to be trained. We've got through a lot of that, and so those people are actually becoming more productive in the field as we speak. We are still going through some of that. We still have some people that are in training and still coming out of training at the moment. But we've got the brunt of that behind us. That's how I would answer that. That's number one.

Number two, we just came back from our national sales meeting with our CRM sales force. A very strong organization. We created a lot of momentum and very positive energy at that meeting. And we believe that we've set the organization up correctly for a good year 2010 in terms of continued sales performance and growth as well, in

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particular, as it relates to our strong high voltage platforms.

OPERATOR: Your next question comes from the line of Joanne Wuensch from BMO Capital Markets, please go ahead.

JOANNE WUENSCH, ANALYST, BMO CAPITAL MARKETS: Thank you for taking my question. Can you comment on the trend in the shift to PROMUS from TAXUS, since I guess it was in early October or late September, TCT, when the data came out?

RAY ELLIOTT: I think what I'll do is Hank is at a remote site, so I'm going to give him a chance just to unmute here while I'm bantering along and Hank just jump in whenever you're on the line.

HANK KUCHEMAN, HEAD OF CARDIOVASCULAR, BOSTON SCIENTIFIC CORPORATION: This is Hank. I think we covered it pretty well on the script. We saw an impact post TCT, based upon the data that was released, that nicked us by about 2 or 3 points. We have stabilized since then. If we look at our exit rate we have actually increased overall share position moving forward. Quite candidly, we see the TAXUS position being relatively stable over the course of 2010, based upon where we are today. So Ray, did you want to add something to that?

RAY ELLIOTT: That's fine, Hank, unless Joann has a follow-up.

JOANNE WUENSCH: I do have a follow-up but it's on a slightly different topic which is did you see pricing accelerate during this period of time? And sort of the sister question of that is when you do your internal models what do you think about the overall market pricing for 2010?

RAY ELLIOTT: Well, actually. Go ahead Hank.

HANK KUCHEMAN: Our pricing was down about 7% which was in line with our expectation. Actually, in third quarter, our pricing was down about 8%. So we have, if you follow MRG and you can see from their data set that we tend to be a price decline follower, per se, versus leader and I would submit to you that our sales management team does a very effective job trying to manage that. Having said that, we still anticipate pricing pressure based upon the margin pressure, I think all stakeholders in the healthcare system are experiencing and dealing with today, as we face 2010.

OPERATOR: Next question comes from the line of Kristen Stewart from Credit Suisse. Please go ahead.

KRISTEN STEWART, ANALYST, CREDIT SUISSE: Thanks for taking my question. I was just wondering if I could return to the disciplinary actions. I know there was an investigation I think it was by Massachusetts just into industry sales and marketing practices. Do some of these disciplinary actions relate to that or where does that DOJ investigation now stand?

RAY ELLIOTT: Thanks, Kristen. No, these investigations and disciplinary actions were strictly internal in our part and in alignment with our own HCP program and SOPs and ethics programs that we are building here as we speak and hopefully will be leading edge. It is all about to do with us and what we believe is right. It has nothing to do with any external pressure factors or otherwise, other than obviously published guidelines and the normal types of things.

KRISTEN STEWART: And does that investigation still -- is it still outstanding and does that present any opportunity for future claims by the government, payments, whatnot?

RAY ELLIOTT: Well, no, I'm not quite sure what you're asking. What we do is we monitor activities on a go-forward basis, so to the extent that we're talking about this, that's complete, but on a day-to-day basis, we're going to ensure that every one of our folks is well-trained and well-understanding and knows there is a line in the sand and it's binary and there's not a lot of room for tolerance here if it crosses over the line. We've had a lot of communication with our people through the Christmas period and following that about what the rules are going to be. We as a Company, not

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just me, but we as a Company, although you hate losing sales and et cetera, et cetera, we are going to run the Company properly and if we're somewhat smaller Company short-term or long-term, so be it. We'll run it well the way it should be.

SAM LENO: We have pretty extensive audit programs in place as a normal part of our business so to the extent that any future audits find things and happens in a wide range of areas we surface them and deal with them.

OPERATOR: Your next question --

LARRY NEUMANN: Roseanne, We're going to have time for just two more questions. We have an internal employee call that we're going to need to get to. So we have time for two more questions.

OPERATOR: All right. Your next question comes from the line of Bruce Nudell from UBS. Please go ahead.

BRUCE NUDELL, ANALYST, UBS: Good morning. Thanks for taking the question. Looking out into 2010, we're modeling around \$1.5 billion of DES sales with like 6.25 of TAXUS and \$200 million of PROMUS Element. Are those sort of assumptions way off base?

RAY ELLIOTT: Well, Bruce, as you know, God bless you for always asking those questions but as you know from long experience we're not going to give you line item guidance and independent responses to your model but I appreciate your persistency.

BRUCE NUDELL: Okay. And then on the question of the CRM market, if you could just -- the ICD market, 6% ex-US constant currency growth I think what is you projected. That's a step down from the high single digits that we've seen and I think you mentioned on prior calls and we've seen it in state level data, first time US ICD implants shrank from 2005 to 2008 by about 20%. They stepped down in 2009 again, first time implants with the market maintained by replacements. What's to stop that trend in the US and what's to reinvigorate ex-US growth rates?

RAY ELLIOTT: Well, I'll start the conversation, turn over to Fred. Let me just qualify your opening comment on the 6% and whatnot. We said approximately 6% because we believe the domestic market is 4 and the overall world -- excuse me, is 2, and the overall world market is 4 but you have to remember that it's not an equal balance in terms of relative size so that 6 when we say approximately is higher rather than lower than 6. It's going to be a little higher number. And then I'll let Fred take over on the second part and think that through.

FRED COLEN: On the second part, I think there are two factors here, Bruce. One is that we as an industry need to get out of the headlines. I think that's one area that I would comment on, which is also why we rebutted strongly as it relates to this issue that was brought up in recent days on this one particular case. But as an industry we need to get out of the headlines as relates to product performance, et cetera. I feel that we as a Company have done a lot in that regard. We've built a complete new quality baseline for our business. We are extremely transparent. We just put online our latest product performance report. We do that quarterly in which we list all of the events that we as a Company know.

We have made a lot of changes internally to build those strengths and the quality of our devices. The second part of this as it relates to stabilizing markets and hopefully returning those to growth again and bigger growth than the numbers we just talked about is in the near term our optimism around TRT. As we said we have tentatively received notification from the FDA around the panel date that is tentatively scheduled for March 18th for MADIT-CRT. We're optimistic that we'll have a good review but we have to get through that first and hopefully that will lead to an expanded indication for CRTD devices. So I think that that is probably the most positive news in the short term, which we as a Company are actually driving for the industry. So I think those are the two overall big key factors I think that will get us to an improved market growth for our devices.

OPERATOR: And your last question comes from the line of Tao Levy from Deutsche Bank. Please go ahead.

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TAO LEVY, ANALYST, DEUTSCHE BANK: Good morning, thank you for fitting me in. With today's announcement and the relatively short amount of time that you've been at Boston Scientific, do you feel like you've completely kicked the tires at this point or is it more to explore? And when do we get to see some of the quantifiable benefits of your strategy plan?

RAY ELLIOTT: Two things. First of all, I've done about as much tire kicking people will tell you here as is humanly possible. I think they're tired of me kicking their tires. I think we completed the process. That process was really completed before Christmas. What we've been packaging together now is the strategies that go with it. I think there's a bunch of different ways you can see it. One is we are going to try and put together an analyst meeting. We are going to try and have an R&D day. I don't know if I'm going to combine those two or separate them in terms of technological potential as well as giving analysts a closer look.

The Company it's my understanding hasn't done that for quite some time and then I think you'll start to see it as we take specific actions that we announced through press release or obviously acquisitions, divestitures, product lines and changes. I think we will constantly refer back to the components of the strategic plan that I know you haven't seen yet but you will see more of as we get our way through the first quarter and we'll constantly refer back to those key components so people can join the dots together and have some understanding of where we're going and it's what I said earlier. I mean, this is a big ship. I don't care how smart you are. You don't turn this around in a quarter or two and it's got -- has to have some underlying issues that I think we've addressed well. We have really put a lot of work into technology planning, portfolio structure, while it may not be visible to you, it will be visible as the component pieces are taken action on, particularly publicly.

TAO LEVY: Will that event be sort of like a mid-year.

RAY ELLIOTT: You're talking the analyst?

TAO LEVY: Yes, kind of the analyst.

RAY ELLIOTT: I think we were trying for earlier than that but with everything going on with integration, restructuring, it's probably going to end up being in that direction. If we can do it earlier, we certainly will.

LARRY NEUMANN: So with that, we're going to end the call and I would like to thank everybody again for your interest in Boston Scientific. And Roseanne will give you all the pertinent details regarding the replay of our call this morning. Thank you everybody.

OPERATOR: Ladies and gentlemen, this conference will be available for replay after 11 AM today through February 25th at midnight. You may access AT&T's teleconference replay system at any time by dialing 1-800-475-6701, and entering the access code of 143687, international participants please dial 320-365-3844, those numbers again are 1-800-475-6701, and 320-365-3844, with access code of 143687. That does conclude our conference for today. We thank you for your participation and for using AT&T executive teleconference. You may now disconnect.

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**OVERVIEW**

Management discussed 4Q09 results, reporting a GAAP pre-tax operating loss of \$1.231b and a GAAP loss per share of \$0.71 on consolidated revenues of \$2.079b. Guidance was for 2010 GAAP EPS of \$0.37-0.49 on reported revenues of \$8.1-8.5b, and for 1Q10 GAAP EPS of \$0.15-0.20 on reported consolidated revenues of \$2-2.1b.

**FINANCIAL DATA**

A. Key Data From Call 1. 2009 reported revenues = \$8.188b. 2. 4Q09 consolidated revenues = \$2.079b. 3. 4Q09 reported GAAP pre-tax operating loss = \$1.231b. 4. 4Q09 GAAP loss per share = \$0.71. 5. 2009 reported revenue = 2% growth vs. 2008. 6. 4Q09 GM = 65.9%. 7. 2009 capex = \$312m. 8. 4Q09 capex = \$87m. 9. 4Q09 DSO = 61 at quarter-end. 10. 2009 cash on hand = \$864m at year-end. 11. 2009 net debt = \$5.1b at year-end. 12. 2010 reported revenue guidance = \$8.1-8.5b. 13. 1Q10 reported consolidated revenue guidance = \$2-2.1b. 14. 2010 GAAP EPS guidance = \$0.37-0.49. 15. 1Q10 GAAP EPS guidance = \$0.15-0.20.

**PRESENTATION SUMMARY**

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S1. 4Q09 Performance (S.L.) 1. Highlights: 1. Revenue and earnings well within guidance. 2. YTD constant-currency consolidated sales growth, excluding divested businesses, was 4%. 3. CRM business grew low single digits constant currency. 1. Constant-currency growth for year was 7%. 4. Worldwide drug-eluting stent (DES) business soft. 1. Sustained worldwide DES market leadership. 5. Endoscopy, neurology, gynecology, and neuromodulation businesses continued strong growth. 1. Constant-currency full-year growth over prior year of 8%, 6% and 17% respectively. 6. Neurovascular division continued leadership share position despite continued delay in new product launches worldwide. 7. Peripheral interventions continued to hold share in very competitive market. 1. 44% and 42% of revenue for quarter and year came from new products introduced in last 24 months. 2. Results: 1. Consolidated revenue was \$2.079b, vs. \$2.025-2.125. 1. 4% reported increase vs. 4Q08. 2. Excluding \$87m FX contribution, revenue flat in constant currency. 1. Compared to contribution assumed in guidance, FX contributed an additional \$10m to sales results. 1. Without this, sales would have been solidly within guidance range. 3. Vs. 4Q08, excluding divestitures: 1. US revenue decreased 1%. 2. International revenue increased 11% or 1% in constant currency. 3. Sales by Businesses: 1. Worldwide DES sales were \$411m, vs. \$400-440m and down 4% from 4Q08. 1. Decrease of 8% constant currency. 2. Worldwide DES revenue includes \$219m for TAXUS, \$182m for PROMUS, and \$10m for PROMUS Element. 1. November launch marked beginning of self-manufactured margins with Everolimus DES platform. 3. Worldwide TAXUS/PROMUS/PROMUS Element split was 53%, 44% and 3%. 4. Continued sustaining worldwide DES leadership with estimated global market share of 39% -- about 19 percentage points higher than nearest competitor and consistent with 4Q08 share. 5. US DES revenue was \$205m, vs. guidance of \$205-225m and 11% lower than 4Q08. 1. Excluding favorable impact of a \$13m adjustment to sales [transistor]reserve in 4Q08, US DES sales were down 6% vs. last year. 1. Includes \$82m of TAXUS, \$123m of PROMUS revenue, and represents 40/60 mix of TAXUS/PROMUS in US, vs. 48/52 mix in 3Q09. 2. Estimates US DES share was 46%, 18 share points of TAXUS and 28 share points of PROMUS. 3. Excluding transition reserve in 2008, total share is up 1 point vs. 4Q08 and down 3 points vs. last quarter. 1. Softening in TAXUS position following data released at TCT in September. 2. In line with expectations and guidance. 3. Remains committed to two-drug commercial strategy and believes TAXUS remains an important part of DES product portfolio. 6. Maintaining DES market share leadership in competitive US market, with 18 more market share points than nearest competitor. 7. Believes BSX's market share was 46%, vs. Abbot's at approx. 28% and J&J and Medtronic achieved approx. 13% each. 8. International DES sales were \$206m, at midpoint of \$195-215m and represents an increase from prior year of 4% on a reported basis and a decrease of 5% in constant currency. 1. Includes \$137m in TAXUS, \$59m in PROMUS sales and \$10m in PROMUS Element and represents 66/29.5 mix of TAXUS, PROMUS and PROMUS element internationally. 9. PROMUS Element launch contributed \$10m to international DES sales including \$9m in EMEA and \$1m in Americas and Asia-Pacific combined. 4. EMEA: 1. Estimates BSX's market share in EMEA for 4Q was 34%, up 1 point from 3Q09 and consistent with 4Q08. 1. TAXUS market share was approx. 16%, with revenue of \$41m. 2. PROMUS, approx. 14%, with revenue of \$36m. 3. PROMUS Element, approx. 4% with revenue of \$9m. 4. Together, represents TAXUS/PROMUS, PROMUS Element mix [in] EMEA of 48%, 22%, and 10%. 5. Japan: 1. DES share in Japan was 44%, down 2 points from 4Q08 with revenue of \$67m. 2. Maintaining market share leadership despite competitive launch of Medtronic's Endeavor in May. 3. Estimates Endeavor's share at 18% and J&J's share at about 38%. 4. Sales through end-4Q were 100% TAXUS. 5. PROMUS approved beginning-January. 1. Launched PROMUS Japan. 2. Consistent with approach in US, will focus on maintaining market share leadership in Japan -- being only co. able to afford physicians and patients two drug platform choices. 6. Asia-Pacific: 1. DES share remains steady at approx. 18% during 4Q, split 9% TAXUS with \$14m in revenue and 9% PROMUS with \$13m in revenue or TAXUS/PROMUS split of 51/49. 7. Americas: 1. DES sales were \$26m, representing approx. 51% market share, with 30% or [\$15m] in TAXUS revenue, 20% or \$10m in PROMUS revenue, and 1% or \$1m in PROMUS Element revenue. 1. Represents 58/38.4 mix of TAXUS, PROMUS, and PROMUS Element. 8. Global DES Summary: 1. With global DES market share of 39%, maintained 19 percentage-point advantage over next nearest competitor. 2. Focus on only two-drug platform in industry will allow co. to maintain market share leadership. 9. DES Market Dynamics: 1. Estimates worldwide DES market in 4Q at approx. \$1.049b, down about 1% or 6% constant currency vs. 4Q08. 1. Excludes impact of sales transition reserve reversals in 4Q08. 2. Includes FX contribution of approx. 5%. 3. Includes worldwide unit volume increase of about 8%, driven by increase in PCI volume and penetration. 1. This year's volume increase was offset by worldwide market decline in average selling prices of approx. 8%, including mix shift of DES brands to more PROMUS and less TAXUS. 2. Global penetration rates improved 1% vs. last quarter to 64%. 3.

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Pricing declines remained high. 4. Global dollar market growth has turned negative. 5. US DES market estimated at \$448m, down approx. 6% from 4Q08, excluding impact of sales transition reserve reversals in 4Q08. 1. Consists of unit volume increase of approx. 3%. 1. Includes a reduction in PCI volume offset by increased penetration. 2. This unit volume increase was offset by an 8% decline driven by market price declines and a negative mix shift in DES platforms. 6. US DES average selling price reductions slightly better than aggregate market declines. with PROMUS and TAXUS down about 7% each vs. 4Q08. 7. US PCI volume was approx. 249,000 procedures, down 3% vs. 4Q08 and down approx. 1% to last quarter. 8. Estimates US DES penetration was up 2 percentage points to 77%, up 4 percentage points vs. 4Q08. 1. Combined with stented procedure rates and stents per procedure, estimates total unit market of US stents was approx. 335,000 units -- including 257,000 units of drug-eluting stents. 9. International DES market remained strong, with approx. 559,000 PCI procedures, including: 10. 318,000 procedures in EMEA. 1. 58,000 procedures in Japan. 2. 121,000 procedures in Asia Pacific, 3. 62,000 procedures in Americas outside of US. 11. Penetration rates in international markets were up modestly sequentially across most regions, with EMEA up 2 percentage points sequentially to 55% and Japan up 1 point sequentially to 69%. 1. Asia Pacific was flat at 74%. 2. International/Americas were up 1 percentage point to 33%. 10. CRM: 1. Worldwide 4Q CRM revenue was \$607m, up 6%. 1. Constant-currency growth of 3% vs. \$571m reported in 4Q08. 2. Worldwide CRM grew at 5% in constant currency, excluding: 1. Impact \$8m in sales return reserves related to sub-pectoral product advisory. 2. \$4m deferred revenue related to launch of Latitude in Europe. 3. Estimates co. lost approx. \$7-8m of additional worldwide sales potential related to sub-pec product advisory, with most of loss occurring outside US. 1. In line with estimate of overall market. 4. US CRM revenue was \$389m, up 2% vs. 4Q08 and 8% for 2009. 5. International CRM sales were \$218m, up 16% in prior year and 4% in constant currency. 11. ICD: 1. Worldwide ICD sales were \$449m, vs. guidance of \$445-475m and represents increase of 5% over 4Q08 and constant currency increase of 2%. 2. Excluding impact of sub-pec product advisory worldwide and Latitude deferral in Europe, constant currency growth would have been 5%. 3. US ICD sales were \$307m, up 2% vs. last year, or 5% excluding sub-pec product advisory. 4. International ICD sales were \$142m, up 11% vs. last year, flat in constant currency and up 4% excluding impact of product advisory and Latitude deferral. 12. Overall Business: 1. Excluding sales from five non-core divested businesses, non-DES and non-CRM worldwide revenues increased approx. 6.5% vs. 4Q08 to \$1.059b, and were up approx. 2% in constant currency. 1. Includes constant currency increases of 10% in Endoscopy, 8% in urology and gynecology, and 18% in neuromodulation. 2. Peripheral intervention business was down 2% in constant currency vs. last year. 1. Continued pressure in balloon and stent businesses worldwide. 2. Impact of discontinuing [bi-ops XM]. 3. General softening of procedure volumes and YoverY growth rates vs. 4Q08. 3. Neurovascular was down 6% in constant currency. 1. Continued pressure from competitive launches in coil and stent businesses worldwide. 4. Non-stent interventional cardiology constant-currency decrease was approx. 3%. 5. Electrophysiology business basically flat. 6. While developing new product pipelines for these businesses, expects growth to accelerate and begin exceeding market growth rates. 13. 2009 Revenue: 1. Reported revenue was \$8.188b, up 2% reported from prior year. 2. Excluding impact of divested businesses, revenues were \$8.177b, up 2% vs. 2008 and 4% in constant currency. 3. FX contribution to sales growth was negative 2% or about \$92m vs. 2008. 4. Global cardiology business sustained worldwide leadership but was down 1% reported for quarter and flat in constant currency. 5. Overall growth in DES business of 4% reported for year, and [up to] 6% in constant currency, PI business was down 3% reported and down 2% in constant currency. 6. Other IC business was down 8% for both reported and constant currency. 7. Decline in other IC business due to delay of some key product launches, continued pricing pressure, new competitive entrants into the market and recalls in March and July of 2009. 8. Worldwide DES penetration was up 6 points for full year vs. last year. 9. Estimates full-year share was up approx. 2 percentage points. 10. Estimates market share for full year at about 49% to down 1 percentage point from where co. exited 2008. 1. Believes co. exited 2009 at 47% -- down [3%] from exit in 2008. 11. TAXUS/PROMUS mix of 40/60 for 4Q has lower contribution from TAXUS than 47/53 estimated mix for full year 2009. 12. OUS share is up 2 points for quarter at approx. 35%, resulting in worldwide share of approx. 41% for year. 13. Total CRM revenue was \$2.413b, up 6% over 2008 or 7% in constant currency. 14. US CRM revenue increased 8%, with ICD revenue growing about 9.5% and Pacer revenue growing about 2%. 15. OUS CRM revenue was up 2% reported and 6% in constant currency, with ICD revenue growing 1% reported and up 6% in constant currency while Pacer revenue increased 4% reported and 7% in constant currency. 16. Performance across rest of businesses was mixed due to delays in some product launches. 14. Additional Highlights: 1. Endosurgery group continued solid performance with reported increase

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of 6% over prior year and 7% in constant currency. 2. Endoscopy division grew 7% reported and 8% in constant currency. 3. Urology and women's health division grew 6% reported and constant currency. 4. Electrophysiology down 2% reported and 1% in constant currency/ 5. Maintained leadership in neurovascular market despite declines of 3% reported and 2% constant currency vs. prior year. 1. Working toward launch of Phoenix. 6. Neuromodulation business grew 17% reported and constant currency, despite new product introductions by both major competitors. 1. Excellent performance given slow start in business in 1Q09. 15. Gross Profit: 1. GM was 65.9%. 2. Adjusted GM, excluding restructuring-related charges, was 66.5% -- down 310 BP vs. 3Q09 and 230 BP vs. 4Q08. 3. Major contributions to change include: 1. 50 BP of improvement related to successful recovery following product recalls in CB and urology gynecology divisions during 3Q. 2. 40 BP reduction from lower DES share in US and Japan. 3. 130 BP reduction from third-party sourcing agreement. 4. 200 BP reduction from: 1. Sub-pec product advisory. 2. Associated sales return reserves related to inventory write-offs. 3. Write-off of certain manufacturing technology. 4. All resulted in one-time negative gross profit impact of \$49m. 5. 60 BP reduction from FX hedges settled in COGS. 6. 70 BP improvement from various other minor differences. 4. Major contributors to 230 BP reduction from last year include: 1. 90 BP improvement from higher production volumes and lower quality spending. 2. 65 BP of improvement from overall CRM sales growth and improved standard cost in that business. 3. 25 BP favorable impact from reversal in sales transition reserve in 4Q08 related to TAXUS Liberte launch. 4. 120 BP improvement from \$24m inventory charge during 4Q08 related to previous generation CRM technologies from launch of COGNIS and Teligen last year. 5. 75 BP reduction from lower DES share. 6. 150 BP reduction from third-party sourcing agreement. 7. 200 BP reduction and \$49m due to sub-pec product advisory and associated sales return reserves, inventory write-offs and write-off of certain manufacturing technology related. 8. 80 BP reduction related to FX hedges co. settles in COGS. 9. 25 BP from other minor differences. 5. Does not expect impacts associated with sub-pec product advisory or third-party sourcing agreement to occur in 2010. 6. GM percent will continue to be pressured from negative DES mix shifts from TAXUS to PROMUS. 7. Will now see profit margins from selling PROMUS Element in Europe in 2010, recent launch of PROMUS in Japan will create an adverse mix of TAXUS and PROMUS vs. 2009. 8. Negative impact of data released at TCT in September will also result in negative mix shift from TAXUS to PROMUS in 2010. 9. Due to recent disciplinary actions taken with various CRM sales personnel, expects many of these individuals will leave to join competitors. 1. Could result in lost CRM revenue and gross profit in 2010. 16. SG&A: 1. Reported SG&A expenses in 4Q were \$649m. 2. Adjusted SG&A expenses, excluding restructuring related items, were \$646m -- down 2% vs. 3Q09 and 4Q08. 3. 2009 SG&A was \$2.621b -- consistent with beginning-year guidance. 17. R&D: 1. Reported and adjusted R&D expenses were \$257m for quarter or 12.4% of sales. 2. Absolute dollar investment remains consistent with 3Q09 and last year but was 30 BP lower than both. 3. 2009, came in at \$1.032b, vs. \$1b forecast. 1. Still appropriate level of dollar investment going forward. 2. Will continue decline as percentage of revenue as sales grow. 4. Will direct R&D dollars more heavily into higher-growth portions of business. 18. Loss: 1. Reported GAAP pre-tax operating loss of \$1.231b for quarter, due primarily to aforementioned J&J settlement. 2. Excluding restructuring-related charges, acquisition-, divestiture- and litigation-related items and amortization expense, adjusted operating income for quarter was \$439m and 21.1% of sales, down 70 BP from 3Q09 and up 70 bp from 4Q08. 1. Reduction vs. 3Q09 partially related to one-time increase in costs associated with sub-pec product advisory and aforementioned associated inventory enhancement write-offs. 3. Experienced overall reduction in DES share and adverse DES mix in quarter related to data released at TCT in September. 4. Adjustment related to third-party sourcing agreement negatively affected operating profit margins. 1. Partially offsetting was ability to successfully recover 3Q product recalls in CB and urology/gynecology businesses. 19. GAAP vs. Adjusted Results Reconciliation: 1. Recorded litigation-related charges of \$1.499b pre-tax or \$1.273b after-tax related primarily to aforementioned J&J patent litigation settlement. 2. Total amortization expense was \$129m pre-tax and \$109m after-tax. 1. This was \$5m lower than 4Q08. 3. 2010, expects annual amortization expense consistent with amortization in 2009. 4. Recorded \$36m pre-tax or \$28m after-tax of restructuring-related charges in quarter, primarily related to product transfer costs and severance and certain other costs in conjunction with previously-announced plant network optimization program and 2007 restructuring plan. 1. Charges in line with previous estimates. 5. Recorded acquisition related charges of \$4m pre-tax and \$3m after-tax, primarily associated with asset acquisitions during quarter. 6. Recorded intangible asset impairment charges of \$2m pre-tax and after-tax associated with write-down of certain technology licenses. 7. Cumulative effect of all items was \$1.67b pre-tax and \$1.415b after-tax. 8. Interest expense was \$122m in quarter. 1. Included one-time charge of \$29m for accelerated

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interest rate hedge costs and bank fees related to prepaying remaining \$1.85b of bank term loan that was due in April of 2011 with proceeds of 4Q \$2b senior note offering. 9. Excluding one-time charge, interest expenses in quarter were \$14m lower than 4Q08, primarily from \$825m in debt repayments during last 12 months together with lower interest rates. 10. Excluding one-time charge, interest expense in 4Q was \$2m higher than 3Q, primarily due to higher interest rates on new senior notes vs. bank term loan. 11. On same basis, 4Q09 average interest expense was 5.7%, vs. 5.9% in 4Q08 and 5.5% in 3Q09. 12. 2009 interest expense was \$407m, down \$61m vs. 2008 due to \$825m of debt repayments over last year, combined with lower interest rates and partially offset by \$29m one-time charge in 4Q09. 13. Other net income was \$6m in quarter and includes \$1m of interest income and \$5m of other income. 1. Compares to other net expense of \$2m in 4Q08, which included \$10m of investment write-downs and other miscellaneous expenses. 14. 4Q09 interest income was \$7m lower than 4Q08 due to lower cash balances and higher investment rates. 15. Reported GAAP tax rate for 4Q was negative 20.2% and for 2009 was 21.6%. 1. On adjusted basis, tax rate was 4.6% for 4Q and 14.4% for 2009. 16. 2009 operational tax rate was 17.5%, vs. guidance of 18-19%. 17. Adjusted tax rate for 4Q reflected 260 BP favorable impact or \$8m as co. adjusted operational tax liability for previous three quarters to 17.5% for full year. 18. Also, discrete tax items during 4Q were favorable \$39m, representing 10.2% reduction of 4Q adjusted operational tax rate. 19. Discrete items include \$11m release of tax reserves upon receipt of favorable court decision in tax dispute in Italy and \$20m release of tax reserves in foreign jurisdictions where period for assessing tax has expired. 20. EPS: 1. GAAP EPS loss for quarter was \$0.71, vs. loss of \$1.59 in 4Q08. 2. GAAP results for 4Q included: 1. Aforementioned charges related to J&J settlement. 2. Intangible asset impairments. 3. Amortization. 4. Acquisition- and restructuring-related charges. 5. Discrete tax items. 3. Adjusted EPS in 4Q, which excludes these items, was \$0.20, vs. guidance of \$0.17-0.21. 1. Consistent with adjusted EPS of \$0.20 in 4Q08, which in turn excluded: 1. \$1.74 related to goodwill and intangible asset impairment charges. 2. \$0.08 of amortization. 3. \$0.02 per share of restructuring-related charges. 4. \$0.02 per share of acquisition-related charges. 5. Positive discrete tax items of \$0.07 per share. 4. Stock comp was \$33m. 1. All per-share calculations were computed using 1.5b shares outstanding. 21. Additional Financials: 1. DSO was 61 at quarter-end, down 4 vs. 3Q09 and up 3 vs. 4Q08. 1. Continued strong cash collections were led by Japan and US, combined with solid performance in EMEA and Asia-Pac. 2. Days payable outstanding for quarter were 27, down 6 vs. 3Q09 and 8 vs. 4Q08, with decrease primarily related to: 1. COGS. 2. Charges in inventory, which are [non-trade] accounts payable-related. 3. Adjusting for these charges, days payable outstanding at year-end would have been 32 -- down 1 vs. 3Q09. 3. Days inventory on hand were 119, down 19 vs. 3Q09 and 5 vs. December 2008, with reduction vs. last year reflecting: 1. Increase in net inventory, driven by: 1. 2009 and upcoming 2010 new product launches in DES CRM, Neurovascular and endosurgery franchises. 2. Larger increase in COGS, reflecting sales and one-time write-offs in CRM and third-party sourcing adjustment. 2. Reduction in days over last quarter is driven by: 1. Decrease in inventory resulting from CRM inventory reserves related to changes made to COGNIS and Teligen headers and increased COGS, driven by higher sales in 4Q vs. 3Q, aforementioned one-time charges, and higher restructuring costs related to plant network optimization. 4. Operating cash flow was \$329m outflow, vs. \$54m inflow in 4Q08. 1. 4Q08 included: 1. \$187m MDL litigation payment. 2. \$66m tax payment related to \$250m milestone receipt from Abbot in 3Q08. 3. \$37m of restructuring payments. 2. 4Q09 included: 1. \$716m payment to J&J related to settlement of certain patent disputes. 2. \$22m payment to Massachusetts Department of Justice to resolve matters related to Guidant Corporation prior to acquisition in 2006. 3. \$52m of restructuring payments. 5. Excluding these items, 4Q09 operating cash flow was \$461m, or \$117m higher than 4Q08, primarily due to higher adjusted operating income and improved AR management. 6. Capex were \$87m, down \$67m vs. 4Q08, primarily due to 2008 purchase of previously-leased manufacturing plant. 7. Reported free cash flow was \$417m outflow in quarter, vs. \$100m in 4Q08 and \$393m inflow in 3Q09. 8. 2009 operating cash flow was \$835m or \$381m lower than 2008, and included: 1. \$716m payment to J&J related to settlement of certain patent disputes. 2. \$121m in other legal settlement payments. 3. \$116m of restructuring payments. 9. Excluding these items, 2009 operating cash flow was \$1.8b. 10. 2008 operating cash flow was \$1.2b, and included: 1. \$184m after-tax milestone received from Abbot. 2. \$189m tax payment related to gains on divested businesses. 3. \$187m MDL payment. 4. \$183m in restructuring payments. 11. Excluding these items, 2008 operating cash flow was \$1.6b. 12. The \$197m increase in 2009 operating cash flow excluding these items is primarily due to: 1. Lower net tax and interest payments. 2. Partially offset by: 1. Higher inventory to support new product launches. 2. Plant network optimization initiative. 13. 2009 capex were \$312m, down \$50m vs. 2008, primarily related to 2008 purchase of previously-released manufacturing plant. 14. 2009 reported free cash flow was \$523m, or \$331m lower than

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2008. 15. October 2009, prepaid \$250m of bank term loan. 16. December 2009, issued \$2b of five-year, 10-year, and 30-year senior notes and used \$1.85b of proceeds to prepay the remaining bank term loan that was due in April of 2011 for net debt repayment of \$100m for quarter. 1. Senior note offering met with strong interest by investors, winding up 11 times over subscribed. 2. Elected to up-size offering from \$1b to \$2b, while achieving very attractive long-term interest rates. 17. In conjunction with bond offering, S&P upgraded credit rating back to investment grade with stable outlook. 1. Rating reflects strength of product portfolio, commitment to debt reduction, improved financial fundamentals and progress driving profitable sales growth. 2. Focusing on strengthening profit margins and free cash flow, debt repayment and financial discipline. 1. Committed to maintaining solid investment grade profile. 18. Closed year with \$5.9b of total debt and \$864m of cash on hand, resulting in net debt of \$5.1b. 19. Total debt is \$827m lower than 4Q08 due to using cash flow to repay debt during last 12 months. 20. Cash on hand is \$777m lower than 4Q08, primarily reflecting \$716m payment related to previously-announced settlement of certain patent disputes with J&J. 21. January 2010, received \$250m milestone payment from Abbot related to Japan regulatory approval of Xience PROMUS drug-eluting stent. 22. February 1, announced settlement of three longstanding patent disputes with J&J. 1. Dated back to 2003 and cover Jang and J&J's Palmaz and Gray patents. 2. Agreed to pay \$1.725b to J&J in connection with net litigation settlement. 3. Paid \$1b on February 1, 2010, consisting of \$800m in cash on hand, and \$200m drawn from revolver. 4. Expects to pay balance from cash flow by January of 2011. 5. Posted \$745m letter of credit under revolving credit facilities as collateral for remaining balance. 1. Accruing interest monthly at prime. 6. Still has over \$1.3b in liquidity, including cash on hand and credit facilities after \$1b payment. 23. Year-end debt-to-EBITDA credit facility covenant ratio was 2.7 times -- well below maximum permitted level of 3.5. 1. Provides just under \$500m of EBITDA cushion. 2. Covenant unaffected by recent J&J settlement as they are permitted to exclude all litigation-related accruals and up to approx. \$1.1b of related payments from bank EBITDA calculations. 3. Expects to refinance revolving credit facility and majority of 2011 debt maturities in mid 2010. 24. After announcement of recent settlement with J&J, all three rating agencies affirmed long-term corporate ratings because credit profile not appreciably affected.

S2. Overall 4Q09 Business (R.E.) 1. CRM: 1. Constant currency growth of 3% driven by COGNIS and Teligen products. 1. Ten straight quarters of CRM growth in US and worldwide. 2. Excluding impacts of sub-pec product advisory and Latitude deferral, worldwide market share was up slightly. 3. US defib sales excluding product advisory and Latitude deferral, would be around 4% constant currency. 5. International Pacer revenue strong again at 8% constant currency growth, supported by improving adoption of Altrua platform. 1. Additional benefit from large contract for Brady leads in Japan increased that growth to 13%. 6. Anticipates international defib performance to strengthen as co. completes Latitude rollout in Europe and begins to see full effects of recent launch of COGNIS and Teligen in Japan. 7. Full-year, CRM showed 7% constant currency overall growth from prior year. 8. Annual worldwide defib revenues reached their highest levels ever -- up 7% constant currency globally and up more than 9% in US market. 9. All competitors have not formally reported results, but estimates BSX took over 1 share points in US defib market in 2009 by outgrowing the overall market by about five percentage points. 10. Internal estimates for overall defib market growth rates on go-forward basis continue to be about 4% worldwide and 2% domestically. 11. CRM momentum should build in several areas, most notably pipeline -- on strength of steady cadence of worldwide product launches. 12. Japan, co.'s second-largest market, recently launched COGNIS and Teligen. 1. Offering most advanced ICD and CRTV technologies in all co.'s major markets worldwide. 2. Developing Japan distribution, optimistic this will be an area of strong CRM growth later in 2010. 13. Europe, progressing well with Latitude launch. 1. Expects to complete first 1,000 patients enrolled on system this month. 14. US, expects to launch Acuity breakaway lead delivery system in next few months, building on strong lead portfolio. 15. Around mid-year, plans to begin phased US launch of new [foresight header] and defibrillation lead designed to be compatible with forthcoming IS-4 standard. 1. Began phased introduction in CE Mark countries last year. 16. Success with new product introductions over last 24 months benefited from restored pipeline and renewed commitment to innovation. 1. Plans to build on successes with launch of next generation line of defibrillators later this year. 1. Will include new features designed to improve functionality, diagnostic capability and ease-of-use. 17. Early 2011, expects to launch new wireless pacemaker in and Europe, built on same platform as high-voltage devices. 2. EP Business: 1. Launched Blazer Prime catheter in US in November. 1. Positive feedback from physicians. 2. Anticipates launching Blazer Prime and Blazer DX-20 diagnostic catheter in Europe in 1H. 3. Blazer

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DX20 achieved estimated 20% market share in US since introduction last May. 4. Blazer open-irrigated ablation catheter should be ready for European launch by mid-year, with US clinical trials beginning around the same time. 5. Overall, EP market is expected to continue at 10% growth into foreseeable future. 1. CRM product portfolio, combined with sales and clinical teams positions BSX to take advantage of market. 3. Mated CRT: 1. Outstanding trial results published, completed FDA filing to expand CRTD indications. 1. Preparing for panel meeting with FDA tentatively scheduled for March 18. 2. Hopes for approval possibly middle of year. 1. Would potentially create additional opportunities for market as whole but for BSX specifically. 3. Supports market estimates for incremental growth presented on call in September. 1. Noted previously not-present uptick in CRTD sales during quarter. 4. Though the CRM marketplace has slowed from expectation at time of Guidant acquisition, still growing and important marketplace where co. taking share consistently over recent times. 1. Will continue to invest in future of co.'s CRM business through product quality and innovation, clinical trials and sales force. 5. CRM strategy is working. 1. With sustained targeted investments can continue to maximize results. 4. Cardiovascular: 1. Worldwide DES revenue of \$411m. vs. guidance of \$400-440m, including \$10m of PROMUS Element revenue due to launch in EMEA, Americas and Asia-Pac in November. 2. Marks shift to self-manufactured margins of PROMUS Element and represents significant milestone in improvement of DES GM performance. 3. Earlier results of PROMUS Element international launches exceeded expectations. 4. Also launched TAXUS Liberte long stent in US. 1. Pleased with initial market response. 5. Worldwide DES market share was 39%, flat vs. 4Q08 excluding reserves. 6. Worldwide revenue was \$411m, down 8% constant currency, driven mostly by decrease in worldwide market revenue size. 1. Contributing to decrease is currency headwind and continued weakness in ASPs offset by increased PCIs and penetration rates vs. 2008. 7. TAXUS drove 21% of 4Q09 worldwide market share, with PROMUS at 18% -- representing shift from TAXUS to PROMUS of 4 share points from 4Q08. 8. 4Q US DES market, PCI volume decline slightly from 4Q08, but DES penetration was up 2 points to 77% vs. steady 75% level for first three quarters of year, and up 4 points from 4Q08. 9. Estimates US DES share position for 4Q of 46%. 10. Estimates US Xience had 28% while Cypher and Endeavor were at 13% each. 11. Completed early the workhorse portion of enrollment in platinum trial, a key milestone in plan to launch PROMUS Element in US by mid 2012. 12. Completed platinum small vessel trial. 1. Will allow co. to submit small vessel product as part of workhorse PMA rather. 13. Europe, DES penetration continued increasing -- up 2% from 3Q09 to 55% and up 4% from 4Q08. 1. DES share was 34% -- flat with 4Q08, split approx. 16% TAXUS, 14% PROMUS, and 4% PROMUS Element resulting from November launch. 14. Japan DES penetration increased to 69%, up 3 points from 4Q08. 1. Had 44% share -- down 2 points from 4Q08. 1. Estimates J&J and Medtronic are at approx. 38% and 18% respectively. 2. With approval and launch of PROMUS and Xience in Japan at beginning of this month, expects to see shifts in market shares during balance of year. 1. Intends to remain the Japan market share leader. 5. Two-Year SYNTAX Data: 1. Reinforced one-year results, showing impressive outcomes for PCI in patients with complex left main and triple-vessel disease, a majority of whom are nominally treated with CABG. 2. Two-year data builds on prior data and provides additional support for PCI as viable treatment option for many of these patients. 3. Favorable PCI outcomes of syntax trial have resulted in an upgrading in ACC AHA, PCI revascularization guidelines for left main patients from class 3 to class 2A. 4. Likes performance of PROMUS stent and first-generation TAXUS express stent based on Spirit III and IV results presented at 2009 TCT conference. 5. Compare has been published in The Lancet since 3Q call. 1. Significant new finding was similar outcomes in two treatment groups for diabetic patients supporting value of TAXUS in this population. 2. Heard from principal investigator that egregious claim in Lancet article (TAXUS) was late addition at suggestion of Lancet referees. 3. Compare results incompatible with excellent outcomes in more than 46,000 patients treated with TAXUS stent in clinical trials with follow-up over nine years. 4. Claim unjustified and unscientific based on principles of evidence-based medicine. 6. Cardiologists have implanted approx. 5.4m TAXUS stents in over 3.7m patients worldwide. 1. Attest to confidence with product. 7. TAXUS has resiliency. 1. Many have been wrong before in future market share weightings within their models. 2. No different this time. 1. Will vigorously defend share throughout 2010. 3. Looks to grow position in 2011 with launch of TAXUS Element in US. 8. Offering customers choice between the two best DES stents on market today. 1. Point of differentiation from competition. 2. A key reason co. worldwide DES leader. 9. Liberte -- launched TAXUS long stent in US at premium pricing during 4Q09. 10. Europe, commenced successful launch of PROMUS element. 1. Excellent reviews for acute performance and early outcomes from implanting cardiologists. 11. Confirms launch of PROMUS in Japan took place at beginning of this month. 12. European launch of TAXUS Element stent, which has already been launched in

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unregulated markets with extremely positive feedback, will take place in 2Q10 based on current regulatory feedback.

13. Outcome data from pivotal randomized PERSEUS trial of TAXUS element will be reported on at ACC meeting in Atlanta next month. 14. PROMUS Element US and Japan launches remain on target for mid-2012, with TAXUS Element US launch on target for mid 2011 and Japan launch late 2011 or early 2012. 15. Element platform provides noticeable improvement in deliverability. 1. Confident element launch cadence will be more than highly competitive with Xience Prime on worldwide basis. 16. Next-generation everolimus eluting stent after PROMUS element will be investigated through [first timer] use in international EVOLVE trial commencing 2Q10. 1. Randomized trial will compare PROMUS Element with two doses of everolimus delivered in [abulmino bio-rollable] polymer on Element stent platform. 1. Design may allow physicians to prescribe patients shorter duration of dual anti-platelet therapy if needed. 17. Decided to concentrate on Evolution program and put further investment in one of several other fourth generation DES projects - [Labcoat Element] on hold for now. 1. Likes the technology and will explore ways the Labcoat technology can be leveraged for coating and polymer applications on future DES technologies. 2. Believes decision affords highest probability of sustainable long-term success. 6. Other CV Product Lines: 1. Worldwide non-stent IC core business posted \$250m in revenue for quarter, down 3% constant currency from 4Q08. 1. Mostly attributable to PTCA balloons due in part to delayed product launches combined with timing sequence of new competitive launches. 2. Maintained US and worldwide leadership positions with 56% and 40% share respectively. 2. Anticipating new product launches over 2010. 1. APEX platinum catheter began rollout in mid January with excellent initial market response. 2. MC Quantum APEX catheter planned to launch in 3Q of year. 3. These products should result in year-end balloon market share gain in mid single digits. 3. [Kinetics] guidewire is planned to launch in 3Q of year, representing an exciting wave of new products in this segment and a first-time highly-competitive entry into large workhorse wire market. 1. Anticipates market share gain in low double digits by end-2010. 7. Peripheral Interventions: 1. Maintained solid worldwide position in growing market. 2. Realized slowing growth rates in 3Q09 and 4Q09. 3. US, estimates market growth rates declined 2-3% in 2H and nearly 5% over 1H. 4. Investigating procedural slowdown as root cause of PI softness during quarter. 1. Actively monitoring trend. 2. Growth thesis remains intact. 3. 1Q will give ample opportunity to evaluate procedure all trends globally. 5. Holds Number 1 position in multiple product categories. 6. [US] launches of Sterling ES PTA balloon catheter, the carotid wall stent and Express renal SD stent and international launch of Epic vascular stent brought positive momentum for this business. 7. International Epic stent launch gained momentum with increases in account penetration, reorder rates and market share gains in 4Q. 8. Substantially completed all filings associated with express LD iliac indication PMA. 1. Expected PMA approval in 4Q, but now estimates approval in 1Q. 1. Key to US PI performance in 2010. 9. Received US clearance for [cryo long balloons and sterile long balloons]. 1. Launches will occur in 1H. 10. Received CE mark for Adapt carotid system. 1. Will begin limited market release in Europe in 1Q. 11. With 2010 launches and expected launch of carotid wall stent system in Japan should be able to expand PI leadership. 8. Cardiovascular: 1. Well positioned with: 1. Unique two-drug offering. 2. Many leading franchises. 3. Stable market fundamentals, albeit with some near-term price weakness. 4. Robust product launch cadence. 2. Believes overall cath lab leadership will be strong over next few years. 1. Recognizes that with post-TCT headwinds near-term, guidance must reflect those realities. 9. Neurovascular: 1. Maintained global leadership during quarter, recording strong sales despite competitive pressure from recent new product launches. 2. Strong growth from guidewire business -- up more than 12%. 3. Wingspan stent system was up 7%. 4. Gateway balloon catheters were up 4%. 5. Hemorrhagic coiling was down 15%. 6. Neural form stents were down 3% vs. prior year. 7. New product launches later this year especially the Phoenix coil should allow co. to quickly turn these negative franchise trends into positive. 8. For year, growth across nearly all franchises with exception of coils. 1. Catheter business grew 3% worldwide. 2. Guidewire business grew 16%. 3. Customer base continued to expand and convert to Synchro 2 guidewire technology. 9. ICAD business grew 11% worldwide. 1. 59% growth in China. 10. During quarter, Korea and Brazil received approval for wingspan stent and gateway balloon. 1. Despite softening due to competitive launches in coils and adjunctive stenting, maintained approx. 41% and 46% market shares respectively. 11. Strong sales growth this year, with China up 18%, Brazil up 16%, and Korea up 9%. 1. Will to increasingly focus on these with announced international structural changes. 12. [Matrix in platinum science maps trial] enrollment is complete with primary endpoint publication expected in 2011. 13. NIH-sponsored wingspan stent and gateway balloon system SAMPRAS trial continues to enroll patients -- with over 200 already enrolled. 14. Into 2010, raised neurovascular list prices by almost 5%, reflecting continued strength of market-leading technology position. 1. Introduction of new

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technology in hemorrhagic coiling and adjunctive stenting should provide upside. 10. Endosurgery: 1. Up 9% constant currency for quarter, with Endoscopy growing 10% and urology/gynecology growing 8%. 2. Endoscopy division had solid quarter, posting 15% worldwide growth, 10% at constant currency and 11% in US market. 3. Full-year, endoscopy grew 8% at constant currency worldwide and 8% in US. 4. Market adoption of WallFlex(R) Biliary RX stent system continues to be excellent. 1. Announced enrollment of first patient in Benign Stricture Study of stent. 1. Will evaluate removal of stent from patients with benign bile duct strictures and effectiveness of temporary stenting for long-term benign Biliary stricture resolution. 5. Limited launch of fully covered WallFlex esophageal stent was expanded. 1. Full launch now planned for 1Q. 6. Biliary interventional space, launch of (indiscernible) [sphincter zone and dream wire] high-performance guidewire helped to drive worldwide constant currency growth at 7%. 7. Continued market acceptance and superior performance of resolution clip lead to global growth of 16% in increasingly important hemostasis franchise. 8. Will continue executing key product development milestones in support of 2010 new product launches. 9. 1Q10, will continue commercialization of market-leading WallFlex stent line, new RX Biliary devices and expanded sizes of Radial Jaw 4 biopsy forceps. 10. Urology/gynecology delivered good results, including excellent growth in women's health business and return to market of [proleave]. 1. Proleave product issue that resulted in July recall was corrected. 1. Re-launched the new catheter mid November. 11. Urology/gynecology grew 8% worldwide on constant currency basis in 4Q. 1. Growth excluding proleave products was very strong at 10%. 12. Several new product launches in 1H continue to fuel growth in women's health side -- which grew 23% vs. prior year. 1. Solyx single-incision sling system, Uphold vaginal support system, Pinnacle Posterior pelvic floor repair kit and second-generation ProCerva HTA procedure set all performed better than expected in 4Q. 13. Urology/gynecology continued to extend leadership in cornerstone management business with growth of 6%. 14. 2009, urology/gynecology grew 6%. 1. Growth excluding proleave products was 9%. 15. Numerous product launches throughout the year in women's health business helped deliver 19% growth in 2009. 16. Cornerstone management business continued to deliver above-market growth of 6%. 17. 2010, will execute on women's health growth strategy, leveraging success of new product launches and prepares for next-generation Genesis HTA system for treatment of excessive uterine bleeding. 11. Neuromodulation: 1. Worldwide neuromodulation team delivered constant currency sales growth of 18% in 4Q with US also growing about 18%. 2. 2009, neuromodulation achieved approx. 17% YoverY growth. 1. Year started slow with single-digit growth in 1Q due to launch of new competitive systems in late 2008 and significant additions to sales management team. 2. Ended year with good momentum, delivering double-digit growth through last three quarters. 3. Market values technology built into Precision Plus system. 1. System better engineered to target and treat chronic pain. 4. 2010, looking forward to launch of two new lead products in 1H10. 1. These, combined with technological advantages offered by spinal cord stimulation system look to provide continued growth through 2010. 12. 4Q09 Positives: 1. Likes European approval for third-generation DES PROMUS element stent. 1. Delivered several weeks ahead of schedule in advance of expiration of Abbot supply agreement. 2. Launch marks beginning of higher margins everolimus offering as co. shifts from PROMUS to PROMUS Element in Europe and other CE mark countries. 3. Confident co. can stay on track with timeline to gain PROMUS Element approval in US and Japan in mid 2012 and TAXUS Element approval in Europe later this year and in US by mid 2011. 2. Pleased with another quarter of strong growth in endosurgery group, including 10% growth in quarter from Endoscopy, which surpassed \$1b in annual sales for first time. 1. Endoscopy and urology/gynecology businesses represent an essential and valuable part of business, delivering consistent above-market revenue growth and leading majority of their Markets. 1. Looks forward to aggressively expanding both businesses globally. 3. Liked continued strong adjusted free cash flow, which totaled \$1.5b for 2009. 4. Closed year with nearly \$900m of cash on hand. 5. Lowered debt by over \$800m during last 12 months. 6. Issued \$2b in senior notes. 1. Allowed co. to prepay remaining bank term loan due in April 2011. 1. Offering well-received by investors, enabling BSX to increase offering at very attractive rates and attract a substantial 30-year crossover segment. 2. Intends to continue using free cash flow to prepay debt. 1. Expects to satisfy remaining refinancing of 2011 debt maturities by middle of this year. 7. S&P upgraded corporate credit rating to BBB- investment grade. 1. Reaffirmed following most recent J&J litigation settlement. 13. 4Q09 Negatives: 1. Did not like how co. got to 4Q earnings. 2. GM fell for second quarter, though most of drop is due to two non-recurring events -- CRM advisory and third-party sourcing agreement. 1. GM remains a focus. 3. PROMUS Element launch in Europe will be offset by anticipated product mix shift due to launch of PROMUS in Japan. 4. Has programs in place with respect to price management and mix. 1. Expects tangible results much later this year from these efforts and benefits from cost

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reductions resulting from plant network optimization program. 2. Expects these lower levels of GM throughout 2010 as co. rebuilds the business. 5. Lingering impacts on DES mix based on clinical data at TCT. 1. Data inconsistent with extensive body of evidence supporting safety and efficacy of TAXUS Express and TAXUS Liberte. 2. Looks forward to results at future multi-center randomized trials that co. expects will be more consistent with excellent outcomes from other TAXUS trials. 3. Looks forward to 12-month data from PERSEUS trial schedules for release at ACC in March. 4. The primary endpoint data will provide insight into the performance of co.'s third generation TAXUS Element stent and workhorse lesions of small vessels. 5. TAXUS and PROMUS remain best-selling and best-performing DES platforms on market. 6. Did not like response of St. Jude medical to disciplinary actions taken during December. 1. Exited several sales representatives and managers who among other things repeatedly breached healthcare professional conduct code. 2. St. Jude chose to quickly hire many of co.'s departed staff. 3. Invested extensively in building HCP program under new Chief Compliance Officer. 4. Strengthened internal policies. 1. Acts aggressively to ensure all customer-facing employees comply with policies. 5. Short-term, will lose sales, but long-term, believes BSX will be held in high regard by those that count for efforts in healthcare professionals arena. 7. Did not like article that appeared in HeartRhythm. 1. Published article prematurely without requesting engineering analysis of device. 2. Conducted own analysis and became abundantly clear device worked normally. 3. Believes problem was caused by competitor's lead, not BSX's device. 4. Even counting this case, seen 3 cases of potential problems out of over 90,000 cases. 5. Improved bond, and getting devices out to customers allowing for sub-pec or subcutaneous implantation. 1. Transition should be completed next month. 8. Does not like flat growth in 4Q. and modest YoverY sales growth. 9. Seen lower-than-expected growth in two major markets this year. 1. Compensated with new products -- which 42% of revenues for year vs. 23% in 2008. 10. Question is where growth come from in 2010 and out years. 1. Guidance for next year indicates only slight growth against difficult headwinds facing entire industry. 2. Addressed this to some extent in 100-day plan and resulting major growth initiatives that are underway as part of new strategic plan. 1. Restructuring announcements last night are part of larger initiative. 11. Will realign business portfolio by taking existing call points and expanding products and technologies co. willing to offer. 1. Goal is reducing risk, increasing leverage, and accelerating profitable growth, especially in non-DES, non-CRM businesses. 12. Some targeted acquisitions and divestitures. 13. Work cut out, but confident changes will help fulfill promise of co. through greater innovation, more profitable and diversified sales growth and ultimately increased value for shareholders. 14. Healthcare Reform: 1. With election of Senator Scott Brown of Massachusetts, debate has been transformed. 2. Proposed legislation would have been very damaging to BSX and industry in general. 3. Glad Congress is reconsidering. 4. BSX supports reform, but not legislation that raises costs, stifles innovation, destroys jobs and in the end harms patients. 5. Plans to remain engaged in debate. 6. Hopes Congress will heed wake-up call from Massachusetts voters and develop better approach to healthcare reform. 15. Launch of PROMUS Element in Europe: 1. Platinum-chromium alloy and new stent design represents significant advances in DES technology. 2. Physician feedback indicates platform offers superior deliverability and visibility and excellent conformability and low recoil. 1. Promises to simplify procedures and allow treatment across broader range of patients. 3. Sticking to schedule, within two years, both drug platforms will be available on third-generation stent platform across all of major Markets. 4. Should not lose worldwide DES leadership position soon. 16. Litigation: 1. During quarter, paid \$716m to J&J on near case and a number of other cases. 2. Entire payment was covered by reserves maintained on balance sheet. 3. This month, settled three other patent disputes with J&J that date back to 2003 and cover Jang patent and J&J's Palmaz and Gray patents, resulting in a total payment to J&J of \$1.75b. 4. Covered first \$1b with \$800m of cash on hand and \$200m drawdown of revolver. 5. Will post a letter of credit for balance including interest which is not due until January of 2011. 6. These settlements are part of concerted effort to mitigate risk throughout co. including litigation risk. 7. Past year, significantly reduced volume of outstanding litigation, settling 17 law suits with J&J and disputes with other competitors and government. 8. Still other litigations remain, now no material judgments or verdicts pending against BSX. 9. Payments associated with these settlements will not have an appreciable impact on co.'s debt covenants. 10. Will still have significant liquidity under credit facilities. 11. Litigation settlements do not change short-term strategy regarding strategic targeted acquisitions to augment realigned product portfolio. 12. Acquisitions and divestitures will align with new strategic plan. 13. Once co. has refinanced remaining 2011 debt maturities, targeted for middle of year, will reassess appetite for more transformational mergers and acquisitions.

S3. Restructuring Initiatives (S.L.) I. Key Components: 1. Integrating CRM business into co., including combining

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CV and CRM groups with national accounts organization into one integrated business that will be named 'CRV' group. 1. Included in group, will be EP, PI, and neurovascular businesses. 2. Combination of CRM and CB businesses will deliver better value to hospitals, solutions to physicians, and outcomes to patients. 3. Working for year preparing to convert the CRM business to same SAP system as rest of co. 1. Conversion will go live August 1. 2. Centralizing R&D organization under new officer to better align R&D innovation activities with strategic plan objectives. 3. Eliminating endosurgery headquarters oversight structure. 1. Each of two divisions within endosurgery will now report directly to Ray Elliott. 4. Eliminating international headquarters and realigning international regions to be more effective in executing new global strategies, including a significant focus on emerging markets. 5. Reorganizing clinical organization to take full advantage of global resources available to conduct more cost-effective clinical studies. 6. Launching major initiative to automate distribution centers to drive down distribution cost. 7. Modifying compensation and incentive programs to better align cash bonuses and equity with shareholder value creation. 8. Ray is aligning senior management team. 9. Will reduce management layers and broadening spans of control to improve effectiveness and efficiency while also improving accountability and commitment to achieving operating plans and strategies. 10. Reducing non-sales related expenses and headcount to adjust expense base for changing market dynamics across some of co.'s businesses and increased government regulation. 11. Will initiate zero-based budgeting across all major functions throughout 2010 and 2011. 12. Launched business and portfolio rationalization initiative in line with new priorities from recent strategic learning process. 1. Likely result in one or more divestitures and adding targeted acquisitions. 2. After Execution: 1. Execution of all initiatives over next 24 months other than any potential divestitures will result in lowest reduction of opex by \$200-250m. 2. Will reinvest portion of these savings into customer-facing and developmental-related activities to help drive top line growth. 3. Combination of SG&A and R&D expenses for 2010 should be flat to down from 2009 actual due to first year of this two-year program. 4. Expense reductions will be accomplished by reducing headcount and non-headcount related expenses. 5. Headcount reductions are key component to achieving these goals. 1. Planning to eliminate approx. 1,000-1,300 positions worldwide through restructuring initiatives, excluding any potential divestitures. 1. Represents reduction of approx. 9% of 12,250 SG&A and R&D workforce baseline at December 31, 2009. 6. Reduction activities will be initiated this month. 1. Should be completed within 18-24 months. 2. Will not publicly discuss impact of these reductions on individual businesses, geographies or opex categories. 7. General themes common across reductions include portfolio optimization, work elimination, process reengineering, and reducing spans and layers within organizational structure. 8. Identified reductions will result in pre-tax charge of approx. \$180-200m over next two years. 1. Approx. \$85-95m will be recorded in 1Q10. 2. Approx. \$140-160m for 2010. 3. Remainder expected to be recorded throughout 2011. 9. Expenses recorded primarily as restructuring charges, with portion recorded through other lines of income statement. 1. Vast majority of these expenses will be cash charges. 10. As with restructuring plan from 2007, will have extensive full- and part-time dedicated resources to execute, track, and report on progress internally. 1. Dedicated project management office and into steering committee consisting of several members of executive management team. 11. Confident actions necessary and most appropriate way to insure success with goal of increasing shareholder value for future.

S4. 1Q10 & 2010 Guidance (J.C.) 1. Challenges Exiting 2009: 1. Growth of worldwide CRM market remains low. 2. Estimates defib market growth at around 2% in US, approx. 6% international, and 4% worldwide. 3. Disciplinary measures taken with various US CRM sales team members at end-2009 will have a negative effect on US CRM sales performance during 2010, despite best technology on market. 1. Actions necessary to ensure longer-term sales potential. 4. Begun launching newly-approved version of COGNIS and Teligen with a strengthened header. 1. Lost opportunity in 4Q due to sub-pec product advisory. 2. Could face some additional lost sales as co. works to restore physician confidence. 5. CRM disciplinary and advisory measures could result in as much as \$100m less in sales in 2010, resulting in lower YoverY growth rates. 6. Pleased with total US DES market share position carrying into 2009 from 2008. 1. TCT data caused TAXUS share loss that will continue to impact YoverY growth rates throughout first three quarters of this year until it anniversaries out of comparative base in 4Q. 2. Impact, principally in [USD] could be half the impact of CRM issues. 7. Rate of DES pricing declines have stabilized but remains more adverse than anticipated a year ago. 8. Regarding CRM business, seeing increasing price pressures in 2010. 1. Increasing influence of economic fires in US, struggling European economies and increased competitions in some key markets is having negative impact on price. 2. 2010 also falls in natural two-year cycle of Japan price reviews, which has incremental pricing challenges.

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3. Will continue monitoring throughout year. 1. Pricing pressures will put added downward pressure on revenue growth and profit margin in 2010 vs. 2009. 9. Continue as worldwide DES market leaders by significant measure. 1. Higher mix of PROMUS vs. TAXUS than expected. 2. Launched PROMUS Element in Europe, and will see margin improvement benefit from this in 2010, expects US mix shift in 4Q and launch of PROMUS in Japan will contribute to negative margin performance in 2010 vs. 2009. 10. DES mix pressure on GM will continue until co. launches PROMUS Element in US and Japan in mid-2012. 11. Recent J&J settlement will put additional pressure on SG&A and tax expense. 1. Expected incremental costs [were \$30m for load] credit fees and interest associated with future payment will be classified as legal expense from accounting standpoint -- increasing administrative expenses. 12. Interest on co. positions associated with payment of settlement will drive up tax rate approx. 200 BP from 2009. 2. Introduction to 2010 Guidance: 1. During 4Q08 call, provided full-year revenue guidance of \$8-8.5b. 2. Tightened at end-3Q to \$8.134-8.234b. 3. Finished 2009 at \$8.188b. 1. Represented constant-currency growth rate for 2009 over 2008, excluding divested businesses, of 4%. 4. Aforementioned items will pressure sales growth rate and margins in 2010. 5. Expects currency will be tailwind in 2010, impacting over 40% of revenue base. 3. 2010 Guidance: 1. Reported revenue, \$8.1-8.5b. 1. Represents reported growth of down 1% to up 4%, or constant-currency growth of down 2% to up 3%. 2. If current FX rates hold through 2010, benefit on sales growth will be approx. \$117m, or about 1%. 2. GM, [57-58%]. 1. Will see pressure continued pressure on margin from: 1. Lower pricing in DES and CRM product offerings. 2. Lower overall DES share in 2010 vs. 2009. 3. Higher mix of PROMUS vs. TAXUS -- driven by DES data released at 2009 TCT and by launch of PROMUS in Japan and related shift from PROMUS to TAXUS. 3. SG&A, flat to 2009. 1. Investments in certain areas. 2. Impact of incremental costs associated with recent J&J settlements offset restructuring savings. 3. In event of lower sales, would look to further reduce costs to offset any lost GM. 4. Committed to investing to drive innovation, with stated goal of maintaining \$1b in R&D unchanged. 5. Other income expense, roughly flat to last year as co. rebuilds cash position to satisfy second obligation to J&J and repay debt. 6. Adjusted tax rate, approx. 22% -- excluding any discrete tax items that may arise during year, but including R&D tax credit for full year. 1. Full-year benefit of R&D tax credit is 200 BP on annual effective tax rate. 2. R&D tax credit has not been extended for 2010, but co. assumes so in 4Q10 as in other years. 1. Expects effective tax rate for first three quarters to be approx. 24%, with 4Q at approx. 16%. 7. Effective tax rate guidance represents up to 550 BP increase over operational tax rate of 17.5% rate in 2009, due to: 1. Negative effect of J&J settlement. 2. Geographic mix of income. 3. Variability of risk on interest rates on tax reserves. 8. Excluding charges related to acquisitions, divestitures, restructuring, and amortization expense, expects adjusted EPS of \$0.62-0.72. 9. GAAP EPS, \$0.37-0.49, including: 1. Approx. \$0.10-0.12 of restructuring-related costs. 2. \$0.27 of amortization expense. 3. \$0.14 credit related to January receipt of \$250m from Abbot on approval of Xience 5 in Japan. 10. Capex, approx. \$350-400m, including approx. \$10-15m associated with announced restructuring. 4. 1Q10 Guidance: 1. Reported consolidated revenues, \$2-2.1b -- flat to up 5% vs. \$2.01b in 1Q09. 2. If current FX rates hold constant through 1Q, benefit should be approx. \$75m or approx. 400 BP relative to 1Q09. 3. Constant-currency, consolidate sales growth should be down 4% to up 1%. 4. DES worldwide revenues, \$385-425m, with US revenue at \$195-215m and OUS at \$190-210m. 5. Defib revenues, \$440-470m worldwide, with \$300-320m US and \$140-150m OUS. 6. Excluding charges related to acquisitions, divestitures, restructuring, and amortization expense, expects adjusted EPS of \$0.13-0.17. 1. Includes effective tax rate on adjusted earnings of approx. 24%. 7. GAAP EPS, \$0.15-0.20, including: 1. Approx. \$0.04-0.05 of restructuring-related costs. 2. \$0.07 of amortization expense. 3. \$0.14 credit related to January receipt of \$250m from Abbot on approval of Xience 5 in Japan.

S5. Conclusion (R.E.) 1. Comments: 1. Leadership and talent assessment were and are fundamental part of 100-day plan. 1. Has leadership criteria, evaluated top staff against them. 2. Must have senior leadership capable of practicing leadership in different environment. 3. Changes include: 1. Major integration. 2. International restructuring. 3. Development of centralized R&D group and rapid consistent product development processes. 4. Redesign of clinical program. 5. Greater prominence for endoscopy and urology women's health. 6. Substantial alteration of product portfolio via acquisitions and divestitures. 7. Brand management strategy. 8. Global focus on sales. 4. Will be vastly reduced amount of G&A dollars spent, with nominal reinvestment into aforementioned sales and systems. 5. Entire process, which co. started planning last year, will take 24 months. 1. 2010 is a rebuilding year. 6. Roles will be put to test at internal and external search. 7. Instead of just executive committee the top 200 management positions in co. will

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be evaluated against new leadership criteria, and another 200 high-potential individuals will join the new BSX top gun leadership school. 1. Will be more diverse co. than today. 2. Update: 1. Since July 2009, through approx. March of this year, six individuals have left executive committee through retirement, co. exit, or death. 1. Five new individuals added. 2. Six others have completely new roles or vastly expanded responsibilities. 3. Philosophies Behind Changes: 1. Can have greatest cardiovascular service line and value proposition in world. 1. Co. can, [with effort], successfully reach the new economic customer with a fully-integrated [Guidant] into BSX. 2. With cross-care marketing program, should be unbeatable. 2. R&D, too big, slow, sometimes too decentralized, and too expensive relative to planned output. 1. New Chief Technology Officer will focus on centers of excellence, centralized product development process, and cross-divisional corporate-wide portfolio management system. 2. Individual business units will drive development and commercialization, with highly incented general manager led project teams. 3. Tends to be US-centric or US/Japan/Western Europe-centric. 1. Development of Emerging Markets group. 2. Focused on consistent double-digit growth and on non-commercial development related to corporate shared services, technological research, clinical pre and post market processes, and manufacturing and engineering aimed at target cost price points and de-featuring. 4. Converted endoscopy and urology/gynecology into three independent divisions, with latter renamed 'urology and women's health', and both businesses reporting to CEO. 1. Both expected to expand well past current revenues and approach through consistent double-digit growth, some \$2b each during next strategic planning period. 2. Both will utilize internal product portfolios and technology and selective acquisitions to lead market in various areas. 5. Will globally harmonize all sales best practices and processes with SWAT team. 6. Intentional [plan] rebalancing of major (indiscernible) will serve co. best. 1. Virtually all operational activities are shifted to Sam and all administrative and financial responsibilities to Tim and Jeff respectively. 2. All technical and research responsibilities captured in newly-created Chief Technology Officer role. 7. All global integration and restructuring tasks unified under SVP Larry Newman. 8. Net effect of changes is allowing CEO to operate directly each product group and geographic businesses with focus on sales and creative marketing.

#### QUESTION AND ANSWER SUMMARY

OPERATOR: (Operator Instructions). First question comes the from the line of Bob Hopkins. Banc of America. Please go ahead.

BOB HOPKINS, ANALYST, BOFA MERRILL LYNCH: Good morning. Can you hear me okay.

LARRY NEUMANN, VP IR, BOSTON SCIENTIFIC CORPORATION: Hear you fine, Bob.

BOB HOPKINS: A lot of thanks that we could be asking questions about. I wanted to start with the comments you made on the CRM disciplinary actions. Could you give a little more detail there and exactly how many reps were involved and what exactly happened and why are you so convinced that you're going to lose that much revenue?

RAY ELLIOTT, PRESIDENT, CEO, BOSTON SCIENTIFIC CORPORATION: Yes, I'll pass some brief comments. We're not going to get into numbers of reps and as I mentioned in my comments, there'll probably be some more -- we're going to have a world class healthcare professionals business here. You've heard that commentary before as we look at the history in orthopedics and in some other facets, pharma and so on. The nature of this business, the CRM side, is fairly sticky and I think we recognize the fact that in making those choices, you choose to lose sales along the way because reps will take business with them. So I think we've tried to put that into our guidance, rather than try to have to explain halfway through the year some of the sales circumstances. We're doing it upfront now. I know people, I didn't have a chance to read all the reports this morning, but I know people may feel we're throwing the sink at this. That is not true.

We're simply trying to give early communication to the relevant things in our business. This is relevant as Jeff commented to the tune we believe of \$100 million. It's unfortunate but I will tell you as I've told some of our shareholders, make no apologies of any kind for \$100 million smaller business, we're going to be the kind of business we want to be.

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BOB HOPKINS: No sense as to how many reps this involves?

RAY ELLIOTT: I wouldn't disclose that at this point, Bob. I'm not sure we will later on either. I would rather just leave it where I've communicated.

BOB HOPKINS: Okay. Then I just want to ask a question on gross margins because it looks like the guidance for 2010 versus where you came out in 2009 is about down 250 basis points, 2009 excluding the issues in the fourth quarter that look to be one-time are pretty consistent around 69. 70% gross margin. Looks like you're taking that down by roughly 250 basis points. So I'm just curious if you could kind of break out that 250 basis points in a little bit more detail. How much of that is coming from these cardiac rhythm management issues that you're talking about versus how much is coming from assumptions on TAXUS share and I was wondering if you could just give us a sense as to what kind of global share you're assuming for TAXUS in 2010 guidance? Thank you.

RAY ELLIOTT: Thanks, Bob. Good question. I'm going to ask Jeff to respond to that.

JEFF CAPELLO, SVP, CAO, CONTROLLER, BOSTON SCIENTIFIC CORPORATION: So Bob, you can kind of look at it I think in two pieces relative to the gross margin. One is kind of the drug-eluting stent side in the US and the other is Japan, frankly. As you look at kind of our guidance relative to drug-eluting stents we're going to lose some share as a result of the next three quarters, the first three quarters of 2010, anniversary through kind of lower shares as a result of the impact of compare at TCT. That is going to cost us some gross margin because obviously we're losing share in one of our highest gross margin products. That takes away from share.

You also have the issue of a mix shift within the US between PROMUS and TAXUS with us having more PROMUS sales in 2010, as you adjust for that loss of share. Combination of both those are let's say a third of the gross margin issue that you asked about. Then you go to Japan, and in Japan we're anticipating a mix shift as well from purely TAXUS to a mix between TAXUS and PROMUS. That's probably, I don't know, another maybe a quarter of the complete amount and then another quarter is roughly every two years in Japan there's a fairly rigorous reassessment of pricing, both relative to a foreign basket of pricing across the world as well as kind of a profitability index that hospitals have and both those things combine to be a fairly deep discount in prices. That's very similar to kind of the Japan DES mix.

So it's really those are the big factors that kind of weigh on the gross margin. I will point out, however, that we do have some good things going on within gross margin. We have a very disciplined value improvement program where we strive to take out quite a bit of cost year-over-year. That's baked into the gross margin. But we are seeing as well pricing compression on the CRM side so that's somewhat offsetting kind of some of the good work that we're doing in manufacturing. So it's kind of a basket of let's say those five factors.

OPERATOR: Your next question comes from the line of Mike Weinstein from JPMorgan. Please go ahead.

MIKE WEINSTEIN, ANALYST, JPMORGAN: Good morning, guys. Thanks for taking the questions. Let me start with a couple items. Ray, I think you commented that, and I'm going to try to get this right, I think you said on the call that once we have refinanced the remaining 2011 debt maturities targeted for the middle of the year we'll reassess our appetite for more transformational mergers and acquisitions. Could you give us a sense of what you think would be transformational in terms of size and given the J&J settlement what your capacity is to do a large transaction.

RAY ELLIOTT: I wouldn't comment directionally on transformational, but size-wise, obviously the things we're looking at today are rough numbers between 1 and \$300 million, occasionally wander above and below that but that's really the correct range. I think our ability to -- when I say transformational, transformational doesn't necessarily mean Monster deal, it means things that are larger than that that could allow us to derive a larger number of products through the same call point. I think one of the things people maybe miss, I put it a couple times in this presentation, I try to reaffirm it with people is the leverage here is not gained by going out and wandering off into things way outside of our knitting but rather to take the great sales forces we have and derive expanded product lines through the same call points

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and the same people we know well today so in many cases that will create the opportunity.

In terms of capital and last part of your question, Mike, I watched as analysts and others have done the recalculations post J&J and came up with new liquidity, new available capital, how will they grow the top line with less available even though the numbers are still pretty attractive. I think what was missing in the piece is the ability to marry that cash and those debt dollars available while keeping our investment grade rating with the divestitures we will make, product lines and businesses, et cetera, in order to monetize those and add that to the available debt capacity and cash to create I think a much bigger war chest than perhaps people have been thinking about.

MIKE WEINSTEIN: Is that missing piece, is that a first half of 2010 event. Have you already identified which businesses are potential candidates?

RAY ELLIOTT: We have completed all of that work actually last year and these are -- of course we don't control all the events as you might imagine, takes two to tango, but -- or we hope it takes ten to tango in this case. The fact of the matter is that we hope to get all of this done during 2010 and as much possible in the first half, but again we don't control all the events, obviously.

MIKE WEINSTEIN: Jeff, the tax rate increasing to 22% in 2010, part of that is a function of the settlement with J&J. So can you give us some sense of what the sustainable going forward tax rate would be in 2011 and beyond, if you can try and do that?

JEFF CAPELLO: Yes. So there's about 200 basis points of upward pressure as a result of the settlement with J&J which we should be able to kind of manage over kind of the medium to long term and then the other two pieces that are driving up short-term are the potential change in geographic mix. Obviously we have some favorable tax regimes in different spots and depending on the mix and sourcing of product, that can move. The other swing factor, frankly, is the interest rate.

We have tax reserves on the books that we're required to post interest on. If interest rates go up, those -- the interest expense of increasing those reserves goes up to the tax line. And we're currently at a fairly historic low from an interest rate perspective so we thought it was prudent to allow in the tax rate for 2010 for some upward pressure from a rate perspective. As you look beyond 2010, 2011, I would say that rate probably comes back down to kind of like maybe a 22%, maybe somewhere between 20 and 22%, probably closer to 22%.

OPERATOR: Your next question comes from the line of Rick Wise from Leerink Swann. Please go ahead.

RICK WISE, ANALYST, LEERINK SWANN: Good morning, Ray. Back to the J&J settlement, I understand the risk management aspect of things, maybe you could talk to us, what's the risk of other similar large settlements or are these behind you? There's some concern that the J&J settlement didn't include Element. Is that a worrisome risk?

RAY ELLIOTT: Yes, I think as you look at one of the things we're putting in is an enterprise risk management system here that we review with the Board. So we tend to focus -- I think we do a very good job, actually, compared to most companies, of disclosure in the Qs and Ks on that. I think we have to separate the business we're in and the natural environment it creates relative to litigation from all other risks and then within litigation there are those that are yet unresolved. There are those where we're part of a group of people that's involved in the same debate and the same legal issue and separate those out and methodically decide how to best solve them.

Do we worry about it more than any other risk? I don't think so. There's lots of risks out there. I think we've gone through our process of clearing the decks on those. I fundamentally believe we have to take this company back down to its basics, clean out all the things that are variables and overhangs and assess the right direction for growth. I honestly believe we've done and we've done it in record time. It is complicated to do this, especially when you have somebody new walking in the door like me.

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I've also got Tim Pratt here. I don't know if Tim wants to make some additional comments specifically on the litigation side.

TIM PRATT, EVP, SECRETARY, GENERAL COUNSEL, BOSTON SCIENTIFIC CORPORATION: Hey, Rick, this is Tim Pratt. We have obviously made some significant inroads into reducing the litigation risk facing the company, not just with J&J but with respect to matters we've announced in terms of resolving matters with the government. There was a significant amount of risk here. It's reduced.

However, when you look ahead, there continue to be battles with J&J. We have claims against them and some of their products. They have some back against us. Some of them do touch the PROMUS products on an ongoing basis, not so long ago, about a month ago, a federal judge in Delaware invalidated four of Johnson & Johnson's patents that were sort of the core of one of their major litigations against us. So as Ray pointed out, we're in an industry in which litigation is alive and well. We do sit every way we can. We manage it every day. But it continues to be around.

RICK WISE: If I could follow up on the ICD issue, Ray, or maybe just a question for Fred Colen. You discussed the three reports. Maybe what's the possibility of additional reports coming in? I understand docs have something like 90 days to report issues. I'm guessing because of publicity they're all going to go back and take a look. Do you feel like you've captured it now or will there be other commentaries in the headlines about this? Thank you.

FRED COLEN, CTO, BOSTON SCIENTIFIC CORPORATION: Yes, Rick, this is Fred Colen. On that point, so we talked about the fact that we've seen three events in the subcutaneous population. That is the total historical number that we have seen and in that category, we even counted the last event of which we believe the device in terms of a weakened header was not the root cause. We also, as you know, in December, we did an advisory on the subpectoral impact of those devices and as a result I believe that a lot of physicians already went back and looked at the performance of these devices, in particular in subpec, but broader as such, and we have gotten very, very little additional complaints or events back in the near term. So while you can never exclude that there may be another event out there here or there, I don't expect this to be a major ongoing issue as it relates to reported events coming in. The other point is that we as a Company have moved as fast as we could to transition inventory to allow physicians to have the flexibility of using the newer devices in both subcutaneous and subpectoral use, which is why we did this, and that is proceeding well, so we believe by the end of next month we will have complete transition in the US as well as in Europe.

RAY ELLIOTT: Rick, just to add to that, it's Ray, from a financial point of view, as Sam and Jeff both commented. as you add up the return aspects, the write-off aspects of inventory, and some elimination of related manufacturing technology, that's a substantial part of the negative impact one-timer that you saw in the gross margin totaling \$49 million in the quarter. So we've taken aggressive action and I think appropriate action as Fred said, there's been a lot of back-look already as people are sensitive to this issue and they should be.

OPERATOR: Your next question comes from the line of David Lewis from Morgan Stanley. Please go ahead.

DAVID LEWIS, ANALYST, MORGAN STANLEY: Good morning.

RAY ELLIOTT: Good morning.

DAVID LEWIS: Ray, just one quick question on the disciplinary issues and maybe a bundle one on margins. I'm assuming the nature of the discipline issue was relatively binary so I was confused by your comments that there could be further departures maybe over the next few months. Could you talk about the nature of the disciplinary action and why you could see this play out in a fashion.

RAY ELLIOTT: I'm not going to go into the nature of the disciplinary action, David. I don't think it's appropriate. What I will say is this. It's a sticky business and if other companies, as I say, choose to hire some of our folks, they may attract others. We sound like we're getting some bounceback so I apologize if we are. But I think it's possible other folks may join their friends or join people they know.

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DAVID LEWIS: Okay. So the disciplinary process is over but there could be some pull-through?

RAY ELLIOTT: There could be. I think we're trying to get you and us out in front of that.

LARRY NEUMANN: Are you on a speaker phone?

DAVID LEWIS: I'm actually on a headset.

LARRY NEUMANN: We're getting the feedback from that.

DAVID LEWIS: One second. I apologize, is this better?

LARRY NEUMANN: Yes, thanks, David.

DAVID LEWIS: I apologize for that. Two quick margin questions. Sam, you've been very helpful in the past providing what the CRM opportunity was, last year 1,000 basis points of improvement, may have come in lower given the fourth quarter. Can you talk to us about expectations for 2010 and where CRM leverage can go? Is that number going to be flat? Is there still opportunity to drive that higher opportunity reasonable for 2010. Then the second piece is on SG&A, you talked about reinvesting some of these savings. Can you give us a sense or whether there would be a 10% reinvest month SG&A cuts or 50% reinvestment of those SG&A cuts.

SAM LENO, CFO, EVP - FINANCE, BOSTON SCIENTIFIC CORPORATION: Let me address CRM first. Going into 2009 we expected about a 12 percentage point improvement in their operating profit margins from 15% in 2008 to about 27% in 2009. And as a result, principally of volume, we fell a couple points short of that. Did a great job, but still volume took its toll on the volume portion of those improvements.

We still have as a result of the restructuring, the CRM plants now report into the Executive Vice President of Operations and he is already focusing his energy and built into our plan and that business is still take out 5% or so of product cost out of the standards in 2010. The 12 point improvement I mentioned was operating profit, which came in large part from gross profit and to a lesser extent from expense control. We did do a good job in both in that business but fell short on revenue. As we look at 2010, we expect to continue to improve gross profit margins as a result of the combination of CRM and CD, we will improve the combined operating expenses as well and that should give us the ability to come a lot closer to those goals effectively by the end of 2010.

As relates to the reinvestment, one of the comments I made was it's a 24 month program that will achieve \$200 million to \$250 million in savings. And it will take roughly 18 to 24 months to complete all the activities. So we would expect to exit 2011 with all the activities in place so we'll see some of the savings in 2010, a lot more of the savings in 2011, and the full year impact of all those coming into roost in 2012, typically by the first half of 2012. What I did say in my comments is as a result of both the combination of inflationary growth and other reinvestments as well as the net offset of the savings in the first year, we should see SG&A and R&D expenses in 2010 flat to down compared to 2009.

OPERATOR: Your next question comes from the line of Larry Biegelsen from Wells Fargo. Please go ahead.

LARRY BIEGELSEN, ANALYST, WELLS FARGO: Thanks for taking the call and good morning. First, could you talk about the change you made to the header of COGNIS and TELIGEN and why you're confident that it will eliminate the problem of a weakened header.

FRED COLLEN: This is Fred, Larry. So we have done an extensive amount of testing around the strength of the actual devices, compared to clinical requirement. We have also looked at how can we further improve that bond and we have identified several ways in manufacturing processes by how we can achieve that. So as a result of that whole analysis which we actually were working on in the second half of last year, we identified the accurate performance against clinical needs for sub-Q and subcut implementation sites. We identified several ways in the manufacturing

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processes to improve the strength of the header and as a result of all that we went through a rigorous process internally including the patient safety advisory board that we have to identify what we have to do.

As such, we advised in December for the subsectoral implementation sites that we did not take any action on the sub-Q side and it was clearly in coordination and with agreement of the independent patient safety advisory board. So we have worked through this. This is done in a very aggressive and quick fashion. We have identified what the requirements are. We have identified how we can improve the header bond. We have been completely transparent with the FDA and all the regulators around the world and we've put all the actions in place to move through the transition. The transition is being done and being rolled out as we speak as I said before. I think those are the key points as relates to headers.

LARRY BIEGELSEN: Thank you. And last, Ray, for Ray, the warning letter, the debt and the litigation, what we hear is that this has put you as a competitive disadvantage to your competitors from an R&D standpoint. It would be helpful to hear your perspective on that and when we're going to get visibility on some of the new exciting areas that you talked about in the restructuring press release. Thanks.

RAY ELLIOTT: Yes, the warning letter I don't think -- I think as we complete our reviews with the FDA, I don't think that -- I think some time ago that was perhaps really was a competitive disadvantage if for no other reason you were unable to release new products or grant and retain your foreign certificates for sales but I don't see that in the near term. We expect and hope to be hearing from them soon, but I don't expect that to be any kind of disadvantage. In fact, I'd like to turn it around the the other way and say I think with the systems we put in place and our ability to market those is quite the opposite, is a strategic advantage.

The debt and the relative debt proportioning that we can have versus the monetization of various assets and the kind of targets we're looking at, can't imagine where that is a disadvantage. The only issue would be we want to and will retain investment grade ratings so to the extent that is a control on things, I would agree with that. But that is a good place to be, as you know. Litigation is a come and go. If you spend enough years in this business like a lot of us have sitting at our table here, you become accustomed to that in med devices, I don't like the big settlements, I don't like the short-term issues it may cause for us but in the long haul of events I don't see where that's a negative. It's a two way street, there's some coming the other way.

I understand as people look at us that those points get -- I don't want to dramatize, a little unfair to you, but I understand how they get written up quite a bit. I think the reality if you look at our liquidity and our potential to do acquisitions, our potential to monetize divestitures, our potential to trim out that litigation and trim out risk in general, frankly, and with little bit of hope and luck in the near term, the public lifting and we will see it publicly as you know with new FDA policy, the public lifting of the corporate warning letter will all be positives for us.

SAM LENO: If I could make a comment Larry on litigation. Clearly the big settlements we made, both what we paid last year and what we paid this year, those are tied -- those big settlements are tied to IP litigation going back and forth between those companies and what we just settled was IP, were IP cases that were already lost and what was going to happen next was the awards. What's left, while we still have some issues left on IP, what's left will take some time to play out.

Typically what happens, for example the Mirror case took 10 years to come to final resolution. What typically happens is there's a claim made, there's some time before a judge chooses to hear it or not. When they choose to hear it, there's another period of time to get on the docket, a year or sometimes longer. When they hear it, whoever loses appeals. That that's another year, year and-a-half. When the appeal process is done there's awards case as well. Sometimes they're together, sometimes they're separate.

That takes a while. As we look at the remaining litigation, while it's still out there, back and forth, the time horizon for the IP litigation that's left is much further than the time horizon of what we just got through dealing with.

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OPERATOR: Your next question comes from the line of Tim Lee with Piper Jaffray. Please go ahead.

TIM LEE, ANALYST, PIPER JAFFRAY: Thanks for taking the question. Without getting into multi-year guidance, how should we think about Boston's growth profile now here from a top and bottom line perspective, given some of these strategic moves and some of the reinvestment initiatives that you're taking.

RAY ELLIOTT: Thanks, Tim. I think obviously we have highlighted the short-term challenges. We believe we can grow our business sort of 3 to 5% based on the markets we're in, the positions we've got. It should allow us to move forward on profitability and earnings in a double-digit fashion. I wouldn't get any broader and these are obviously to your point aspirational. This is not long-term guidance.

The other thing I would say is as we look at -- I mean, obviously you haven't read our plan and we haven't communicated it yet as we complete things. I think as we look at many of the marketplaces we have. Building business plans, acquisitional plans, monetization plans and whatnot to go with that and I think as we look at those opportunities, we get ourselves into very comfortable feeling that we can get aspirationally to high single digit sales growth and obviously much stronger growth on the EPS line. I'm also I guess of the belief that if we do it and show it and people buy into it, they will rethink our multiples simultaneous to seeing that performance. So again, without giving you the long-term guidance, we have a plan that reflects that. This is not a speculative conversation.

TIM LEE: Thank you. Just wanted to follow up on the CRM disciplinary action as well. In regards to actions that resulted in the reps termination, is there any risk of Boston being under some disciplinary actions from the regulatory agency based on the actions of those ex employees.

RAY ELLIOTT: I don't know the answer to that. I think our job is to make sure the HCP processes we have in place and the ethics rules we have in place meet the highest standards and that if people come and look, they are happy with what they see. I can't spend all our time worrying about if somebody's waiting at the gate for us to come in. Doing the right things, making sales the right way and I'll let the government and our competitors frankly live their lives independently. We're not going to spend our time worrying about that. We'll do our thing.

OPERATOR: Next question comes from the line of Glenn Novarro from RBC Capital Markets. Please go ahead.

GLENN NOVARRO, ANALYST, RBC CAPITAL MARKETS: Thanks, Ray, a question on your CRM sales force. Notwithstanding those who you let go. When you go back to your third quarter call, you talked about how the sales force lacked efficiency and how you had a lot of new reps that needed to grow. So can you comment on what's left now? Is the sales force strong enough now to continue to drive share gains beyond these near term issues? That's question one.

And then it seems like from a modeling point of view, or ICD numbers, growth should be more back end loaded given that the reps need time to mature and you've got new product flow in the back end of the year. Is that a fair thought? Thanks.

RAY ELLIOTT: Yes. Let me do the last one and I'm going to ask -- I'll make a couple comments and ask Fred to take over. I would just say on your last comment, that's absolutely correct, the flow is more back ended as we commented on the script commentary. The other card here is indication, expansion, and the direct implication that has on us on the controllers, if you will, of the data and some of the potential for CRTD. I would make that comment.

On the sales reps side, I'll just put in two seconds worth and let Fred take over. But we all underestimated when you bring in very, very new folks the length of time and efficiency associated and we're just getting through some of those stages now of where they become more affected and of course so there's no confusion on the integration, if you will of CRM with cardiovascular, that is not an integration at the sales rep level. Nobody is losing their sales rep. We're not cross training plumbers and electricians if you will at the sales level. Fred, you want to make some comments?

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FRED COLEN: Yes, let me add to that, Ray. So first of all, as you point out, Glenn, we did go through hiring quite a few additional people that have to go through a quite long period of time to be trained. We've got through a lot of that, and so those people are actually becoming more productive in the field as we speak. We are still going through some of that. We still have some people that are in training and still coming out of training at the moment. But we've got the brunt of that behind us. That's how I would answer that. That's number one.

Number two, we just came back from our national sales meeting with our CRM sales force. A very strong organization. We created a lot of momentum and very positive energy at that meeting. And we believe that we've set the organization up correctly for a good year 2010 in terms of continued sales performance and growth as well, in particular, as it relates to our strong high voltage platforms.

OPERATOR: Your next question comes from the line of Joanne Wuensch from BMO Capital Markets, please go ahead.

JOANNE WUENSCH, ANALYST, BMO CAPITAL MARKETS: Thank you for taking my question. Can you comment on the trend in the shift to PROMUS from TAXUS, since I guess it was in early October or late September, TCT, when the data came out?

RAY ELLIOTT: I think what I'll do is Hank is at a remote site, so I'm going to give him a chance just to unmute here while I'm bantering along and Hank just jump in whenever you're on the line.

HANK KUCHEMAN, HEAD OF CARDIOVASCULAR, BOSTON SCIENTIFIC CORPORATION: This is Hank. I think we covered it pretty well on the script. We saw an impact post TCT, based upon the data that was released, that nicked us by about 2 or 3 points. We have stabilized since then. If we look at our exit rate we have actually increased overall share position moving forward. Quite candidly, we see the TAXUS position being relatively stable over the course of 2010, based upon where we are today. So Ray, did you want to add something to that?

RAY ELLIOTT: That's fine, Hank, unless Joann has a follow-up.

JOANNE WUENSCH: I do have a follow-up but it's on a slightly different topic which is did you see pricing accelerate during this period of time? And sort of the sister question of that is when you do your internal models what do you think about the overall market pricing for 2010?

RAY ELLIOTT: Well, actually. Go ahead Hank.

HANK KUCHEMAN: Our pricing was down about 7% which was in line with our expectation. Actually, in third quarter, our pricing was down about 8%. So we have, if you follow MRG and you can see from their data set that we tend to be a price decline follower, per se, versus leader and I would submit to you that our sales management team does a very effective job trying to manage that. Having said that, we still anticipate pricing pressure based upon the margin pressure, I think all stakeholders in the healthcare system are experiencing and dealing with today, as we face 2010.

OPERATOR: Next question comes from the line of Kristen Stewart from Credit Suisse. Please go ahead.

KRISTEN STEWART, ANALYST, CREDIT SUISSE: Thanks for taking my question. I was just wondering if I could return to the disciplinary actions. I know there was an investigation I think it was by Massachusetts just into industry sales and marketing practices. Do some of these disciplinary actions relate to that or where does that DOJ investigation now stand?

RAY ELLIOTT: Thanks, Kristen. No, these investigations and disciplinary actions were strictly internal in our part and in alignment with our own HCP program and SOPs and ethics programs that we are building here as we speak and hopefully will be leading edge. It is all about to do with us and what we believe is right. It has nothing to do with any external pressure factors or otherwise, other than obviously published guidelines and the normal types of things.

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KRISTEN STEWART: And does that investigation still -- is it still outstanding and does that present any opportunity for future claims by the government, payments, whatnot?

RAY ELLIOTT: Well, no, I'm not quite sure what you're asking. What we do is we monitor activities on a go-forward basis, so to the extent that we're talking about this, that's complete, but on a day-to-day basis, we're going to ensure that every one of our folks is well-trained and well-understanding and knows there is a line in the sand and it's binary and there's not a lot of room for tolerance here if it crosses over the line. We've had a lot of communication with our people through the Christmas period and following that about what the rules are going to be. We as a Company, not just me, but we as a Company, although you hate losing sales and et cetera, et cetera, we are going to run the Company properly and if we're somewhat smaller Company short-term or long-term, so be it. We'll run it well the way it should be.

SAM LENO: We have pretty extensive audit programs in place as a normal part of our business so to the extent that any future audits find things and happens in a wide range of areas we surface them and deal with them.

OPERATOR: Your next question --

LARRY NEUMANN: Roseanne, We're going to have time for just two more questions. We have an internal employee call that we're going to need to get to. So we have time for two more questions.

OPERATOR: All right. Your next question comes from the line of Bruce Nudell from UBS. Please go ahead.

BRUCE NUDELL, ANALYST, UBS: Good morning. Thanks for taking the question. Looking out into 2010, we're modeling around \$1.5 billion of DES sales with like 6.25 of TAXUS and \$200 million of PROMUS Element. Are those sort of assumptions way off base?

RAY ELLIOTT: Well, Bruce, as you know, God bless you for always asking those questions but as you know from long experience we're not going to give you line item guidance and independent responses to your model but I appreciate your persistency.

BRUCE NUDELL: Okay. And then on the question of the CRM market, if you could just -- the ICD market, 6% ex-US constant currency growth I think what is you projected. That's a step down from the high single digits that we've seen and I think you mentioned on prior calls and we've seen it in state level data, first time US ICD implants shrank from 2005 to 2008 by about 20%. They stepped down in 2009 again, first time implants with the market maintained by replacements. What's to stop that trend in the US and what's to reinvigorate ex-US growth rates?

RAY ELLIOTT: Well, I'll start the conversation, turn over to Fred. Let me just qualify your opening comment on the 6% and whatnot. We said approximately 6% because we believe the domestic market is 4 and the overall world -- excuse me, is 2, and the overall world market is 4 but you have to remember that it's not an equal balance in terms of relative size so that 6 when we say approximately is higher rather than lower than 6. It's going to be a little higher number. And then I'll let Fred take over on the second part and think that through.

FRED COLEN: On the second part, I think there are two factors here, Bruce. One is that we as an industry need to get out of the headlines. I think that's one area that I would comment on, which is also why we rebutted strongly as it relates to this issue that was brought up in recent days on this one particular case. But as an industry we need to get out of the headlines as relates to product performance, et cetera. I feel that we as a Company have done a lot in that regard. We've built a complete new quality baseline for our business. We are extremely transparent. We just put online our latest product performance report. We do that quarterly in which we list all of the events that we as a Company know.

We have made a lot of changes internally to build those strengths and the quality of our devices. The second part of this as it relates to stabilizing markets and hopefully returning those to growth again and bigger growth than the numbers we just talked about is in the near term our optimism around TRT. As we said we have tentatively received

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notification from the FDA around the panel date that is tentatively scheduled for March 18th for MADIT-CRT. We're optimistic that we'll have a good review but we have to get through that first and hopefully that will lead to an expanded indication for CRTD devices. So I think that that is probably the most positive news in the short term, which we as a Company are actually driving for the industry. So I think those are the two overall big key factors I think that will get us to an improved market growth for our devices.

OPERATOR: And your last question comes from the line of Tao Levy from Deutsche Bank. Please go ahead.

TAO LEVY, ANALYST, DEUTSCHE BANK: Good morning, thank you for fitting me in. With today's announcement and the relatively short amount of time that you've been at Boston Scientific, do you feel like you've completely kicked the tires at this point or is it more to explore? And when do we get to see some of the quantifiable benefits of your strategy plan?

RAY ELLIOTT: Two things. First of all, I've done about as much tire kicking people will tell you here as is humanly possible. I think they're tired of me kicking their tires. I think we completed the process. That process was really completed before Christmas. What we've been packaging together now is the strategies that go with it. I think there's a bunch of different ways you can see it. One is we are going to try and put together an analyst meeting. We are going to try and have an R&D day. I don't know if the I'm going to combine those two or separate them in terms of technological potential as well as giving analysts a closer look.

The Company it's my understanding hasn't done that for quite some time and then I think you'll start to see it as we take specific actions that we announced through press release or obviously acquisitions, divestitures, product lines and changes. I think we will constantly refer back to the components of the strategic plan that I know you haven't seen yet but you will see more of as we get our way through the first quarter and we'll constantly refer back to those key components so people can join the dots together and have some understanding of where we're going and it's what I said earlier. I mean, this is a big ship. I don't care how smart you are. You don't turn this around in a quarter or two and it's got -- has to have some underlying issues that I think we've addressed well. We have really put a lot of work into technology planning, portfolio structure, while it may not be visible to you, it will be visible as the component pieces are taken action on, particularly publicly.

TAO LEVY: Will that event be sort of like a mid-year.

RAY ELLIOTT: You're talking the analyst?

TAO LEVY: Yes, kind of the analyst.

RAY ELLIOTT: I think we were trying for earlier than that but with everything going on with integration, restructuring, it's probably going to end up being in that direction. If we can do it earlier, we certainly will.

LARRY NEUMANN: So with that, we're going to end the call and I would like to thank everybody again for your interest in Boston Scientific. And Roseanne will give you all the pertinent details regarding the replay of our call this morning. Thank you everybody.

OPERATOR: Ladies and gentlemen, this conference will be available for replay after 11 AM today through February 25th at midnight. You may access AT&T's teleconference replay system at any time by dialing 1-800-475-6701, and entering the access code of 143687, international participants please dial 320-365-3844, those numbers again are 1-800-475-6701, and 320-365-3844, with access code of 143687. That does conclude our conference for today. We thank you for your participation and for using AT&T executive teleconference. You may now disconnect.

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Finance Search Wed, Dec 15, 2010, 9:19AM EST - US Markets open in 10 mins

**Boston Scientific Corporation (BSX)** On Dec 14: **7.04** 0.00 (0.00%)



**Historical Prices**

Get Historical Prices for:  GO

Set Date Range

Start Date: Oct 19 2009 Eg. Jan 1, 2010  
End Date: Feb 11 2010

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Prices						
Date	Open	High	Low	Close	Volume	Adj Close*
Feb 11, 2010	7.77	7.78	7.39	7.47	154,096,200	7.47
Feb 10, 2010	8.23	8.42	8.10	8.29	23,735,100	8.29
Feb 9, 2010	8.22	8.25	8.08	8.23	19,329,200	8.23
Feb 8, 2010	8.17	8.25	8.07	8.15	15,515,700	8.15
Feb 5, 2010	8.16	8.21	8.06	8.21	17,423,500	8.21
Feb 4, 2010	8.31	8.40	8.16	8.18	21,675,400	8.18
Feb 3, 2010	8.35	8.40	8.26	8.36	12,622,300	8.36
Feb 2, 2010	8.45	8.48	8.25	8.40	37,334,900	8.40
Feb 1, 2010	8.48	8.83	8.24	8.42	68,347,000	8.42
Jan 29, 2010	8.74	8.82	8.62	8.63	12,241,400	8.63
Jan 28, 2010	8.93	8.99	8.66	8.72	16,115,800	8.72
Jan 27, 2010	9.02	9.08	8.86	8.93	18,179,700	8.93
Jan 26, 2010	8.99	9.15	8.93	9.03	10,785,800	9.03
Jan 25, 2010	9.08	9.20	8.98	9.01	12,610,000	9.01
Jan 22, 2010	9.16	9.24	9.00	9.00	22,410,000	9.00
Jan 21, 2010	9.36	9.44	9.04	9.20	31,725,100	9.20
Jan 20, 2010	9.61	9.79	9.40	9.48	33,226,500	9.48
Jan 19, 2010	9.45	9.62	9.41	9.62	14,560,200	9.62
Jan 15, 2010	9.50	9.50	9.24	9.43	16,701,400	9.43
Jan 14, 2010	9.12	9.52	9.09	9.51	20,174,500	9.51
Jan 13, 2010	9.17	9.19	8.99	9.15	10,789,600	9.15
Jan 12, 2010	9.04	9.28	8.98	9.14	14,009,600	9.14
Jan 11, 2010	9.08	9.16	9.00	9.07	8,951,500	9.07
Jan 8, 2010	8.94	9.13	8.93	9.00	18,894,400	9.00
Jan 7, 2010	9.20	9.24	9.04	9.09	15,365,800	9.09
Jan 6, 2010	9.07	9.28	8.99	9.16	12,923,000	9.16
Jan 5, 2010	8.99	9.10	8.94	9.04	8,594,200	9.04
Jan 4, 2010	8.86	9.13	8.78	9.01	14,332,300	9.01
Dec 31, 2009	9.07	9.11	8.98	9.00	7,934,200	9.00
Dec 30, 2009	8.78	9.06	8.71	9.05	13,576,800	9.05
Dec 29, 2009	8.88	8.89	8.79	8.82	6,845,400	8.82
Dec 28, 2009	8.81	8.88	8.75	8.83	7,448,100	8.83

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Dec 24, 2009	8.80	8.90	8.80	8.85	1,898,300	8.85
Dec 23, 2009	8.82	8.86	8.70	8.82	13,948,000	8.82
Dec 22, 2009	8.81	8.88	8.71	8.80	9,562,600	8.80
Dec 21, 2009	8.93	9.02	8.77	8.83	14,015,600	8.83
Dec 18, 2009	8.72	8.90	8.63	8.90	20,231,200	8.90
Dec 17, 2009	8.65	8.76	8.65	8.70	10,279,800	8.70
Dec 16, 2009	8.81	8.98	8.78	8.78	12,163,900	8.78
Dec 15, 2009	8.89	8.99	8.83	8.86	16,776,100	8.86
Dec 14, 2009	8.78	9.02	8.60	8.93	15,610,800	8.93
Dec 11, 2009	8.67	8.73	8.53	8.67	11,663,600	8.67
Dec 10, 2009	8.46	8.76	8.46	8.72	17,194,700	8.72
Dec 9, 2009	8.45	8.50	8.40	8.48	6,785,400	8.48
Dec 8, 2009	8.52	8.52	8.35	8.48	14,025,600	8.48
Dec 7, 2009	8.50	8.58	8.46	8.50	8,829,500	8.50
Dec 4, 2009	8.49	8.66	8.43	8.52	22,787,400	8.52
Dec 3, 2009	8.64	8.67	8.45	8.47	17,127,400	8.47
Dec 2, 2009	8.42	8.63	8.42	8.59	15,931,900	8.59
Dec 1, 2009	8.45	8.48	8.31	8.44	13,006,300	8.44
Nov 30, 2009	8.48	8.59	8.27	8.37	15,318,500	8.37
Nov 27, 2009	8.35	8.54	8.25	8.50	6,425,600	8.50
Nov 25, 2009	8.64	8.72	8.51	8.64	16,705,900	8.64
Nov 24, 2009	8.14	8.58	8.11	8.56	29,123,800	8.56
Nov 23, 2009	8.14	8.23	8.10	8.16	15,149,100	8.16
Nov 20, 2009	8.23	8.23	8.03	8.09	23,307,800	8.09
Nov 19, 2009	8.35	8.36	8.11	8.21	23,415,400	8.21
Nov 18, 2009	8.37	8.46	8.30	8.39	13,855,600	8.39
Nov 17, 2009	8.33	8.36	8.17	8.27	13,954,200	8.27
Nov 16, 2009	8.31	8.48	8.31	8.38	11,380,000	8.38
Nov 13, 2009	8.20	8.35	8.12	8.26	13,728,100	8.26
Nov 12, 2009	8.33	8.38	8.17	8.19	11,556,000	8.19
Nov 11, 2009	8.36	8.43	8.29	8.38	17,024,900	8.38
Nov 10, 2009	8.33	8.35	8.15	8.27	16,180,700	8.27
Nov 9, 2009	8.19	8.31	8.07	8.31	16,768,500	8.31
Nov 6, 2009	7.99	8.26	7.89	8.08	19,924,100	8.08

\* Close price adjusted for dividends and splits.

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# **EXHIBIT 5**



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## CRM PRODUCT PERFORMANCE REPORT Q4 2010

## Product Advisory

01-Dec-09 — Subpectoral Implant 2009

## COGNIS

Models N106/N107/N108/N118/N119/P106/P107/P108

## TELIGEN VR

Models E102/F102

## TELIGEN DR

Models E110/F110/E111/F111

## Related Communications

 Subpectoral Implant 2009 Physician Letter (45 KB)  
December 1, 2009

 Subpectoral Implant 2009 Patient Letter (28 KB)  
December 1, 2009

## Device Lookup Tool

 I want to know if a specific implanted device  
has been affected by an advisory.

## You will need to know both:

- Model number
- Six-digit serial number

## ORIGINAL COMMUNICATION 01-Dec-09 — Subpectoral Implant 2009

## Voluntary Physician Advisory

FDA Classification: Class II

This advisory is limited to devices identified in the product model list that were implanted subpectorally. Devices implanted subcutaneously are not included in this advisory.

Boston Scientific has determined that the bond between the header and case could be weakened by significant forces associated with a subpectoral implant procedure or when a device in a subpectoral position is pushed against a rib during contraction of the pectoralis muscle. A weakened header bond may alter lead impedance and introduce noise that may inhibit pacing therapy or initiate inappropriate tachy therapy. Additional mechanical stress applied to a weakened bond may eventually cause header connection wires to fracture, resulting in loss of therapy.

A weakened header bond can result in one or more of the following device behaviors:

- Significant changes in measured lead impedance
- Noise on real-time or stored electrograms
- Intermittent inhibition of pacing
- Inappropriate anti-tachy pacing or shock therapy
- Loss of pacing therapy
- Loss of anti-tachy pacing and shock therapy

No patient deaths related to this behavior have been reported. Patients have required early device replacement due to inappropriate shocks and/or noise induced by pocket manipulation or arm movement.

## Rate of Occurrence

The implant orientation of devices is not reported to Boston Scientific, making it difficult to provide rate of occurrence and prediction information. Two (2) reports have been received worldwide of subpectoral implants with weakened header bonds. An estimated 5% of approximately 77,000 COGNIS and TELIGEN devices worldwide have been implanted in a subpectoral location.

The following factors may also impact the risk of failure if implanted in a subpectoral location:

- Exact location of the patient's ribs relative to the device
- Body size and/or muscle mass of the patient (risk may increase for larger/muscular patients)
- Activity level and/or occupation of the patient (risk may increase for more active patients)

## CURRENT STATUS 08-Oct-10

COGNIS and TELIGEN devices are now available with improved header bond strength in the U.S. and the EU. The stronger bond allows physicians to position the devices in a subpectoral position, if desired.

## Reported events (worldwide)

Seventeen (17) reports have been received worldwide of subpectoral implants with weakened header bonds. An estimated 10% of approximately 104,000 COGNIS and TELIGEN devices worldwide have been implanted in a subpectoral location.

There have been no reported patient deaths associated with this advisory.

## Rate of Occurrence

The implant orientation of devices is not reported to Boston Scientific. For this reason, no rate of occurrence or rate projection is provided.

## CURRENT RECOMMENDATION 08-Oct-10

If a patient's device was implanted subcutaneously, it is excluded from this advisory and no change to current patient management is recommended.

For affected devices implanted in a subpectoral location:

- Follow patient at least once every three months as recommended in device instructions for use.
- Consider advising patients to contact their physician or clinic if they receive shocks, in order to ensure timely review of associated electrograms and other device data via in-clinic or remote interrogation.
- Where available, consider using the LATITUDE® Patient Management System to facilitate

remote device checks between in-clinic follow-ups.

COGNIS and TELIGEN devices are now available with improved header bond strength in the U.S. and the EU. The stronger bond allows physicians to position the devices in a subpectoral position, if desired.

**For future implants where improved header bond strength devices are not yet available:**

- Boston Scientific recommends that subpectoral implantation of affected COGNIS CRT-Ds or TELIGEN ICDs be avoided until improvements to header bond strength are available for devices in your geography.

Standard Warranty program available, please contact your local representative for terms and conditions.

With respect to the number of reported events listed in the summaries above, Boston Scientific recognizes that the actual number of clinical malfunctions may be greater than the number actually reported. Additionally, rate projections are provided with the acknowledgement that predictive modeling is inherently uncertain due to its dependence on the device age distribution of reported events and resultant statistical approximation and assumptions.

Advisory notifications may vary by geography, based upon local regulatory requirements. Please contact the local Boston Scientific office for more information. Not all products may be approved for use in all geographies, as product approval is geography specific.

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Cardiac Rhythm Management  
4100 Hamline Avenue North  
St. Paul, MN 55112-5798  
[www.bostonscientific.com](http://www.bostonscientific.com)

December 1, 2009

**Subject:** Product Advisory Letter

Dear Patient,

Boston Scientific has recently provided doctors with important information regarding the COGNIS® and TELIGEN® families of implantable defibrillators. We encourage you to contact the doctor who checks your device to discuss this potential performance issue.

**Information for patients**

Most defibrillators are implanted just under the skin in the upper chest area. Occasionally, a doctor may choose to implant a device deeper, under the chest muscles. Boston Scientific has learned that some devices implanted in this deeper location may be subject to mechanical stress during pectoral muscle contractions that could impact the ability to deliver appropriate therapy. A small number of patients have received inappropriate shocks and required early device replacement.

While implant orientation of your specific device was not reported to us, our records indicate that you have a device that may be at risk if it was implanted in this less-common, deeper location.

**What should you do?**

Please keep all scheduled follow-up appointments. Discuss this letter with your heart doctor, who can interpret the information we have provided in light of the position of your defibrillator and your current medical situation. Contact your doctor or clinic if you receive shocks from your device.

**Questions?**

Boston Scientific understands the impact that product advisory messages have on patients and their families, and we believe it is important to bring this information to both you and your doctor. If you have not already done so, we encourage you to talk to your doctor about your device and the information in this letter. You are also welcome to contact Boston Scientific CRM Patient Services at 1.866.484.3268 and press "2".

Sincerely,

A handwritten signature in black ink, appearing to read "William E. Young".

William E. Young  
Vice President, Reliability and Quality Assurance  
Boston Scientific Cardiac Rhythm Management

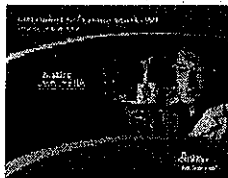
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## Product Performance Resource Center

### Cardiac Rhythm Management (CRM)

Boston Scientific believes access to product performance information is essential to medical professionals and to patients and their families. In this resource center you can access our quarterly Product Performance Report, as well as advisory and product education information.

#### CRM Product Performance Report



##### What you will find:

- Product survival probability
- Worldwide confirmed device malfunction details
- Advisory information
- Other important performance information

#### Additional Information

##### CRM Product Education Resources

##### Product Updates

Find clinical and/or technical information focused on the performance of our CRM products.»

##### A Closer Look Articles

Find educational and training information to better understand the function of our CRM products.»

##### Reference Guide to Pacemakers, ICDs & Leads

Find model numbers, model names, and basic specs for implantable cardiac devices, leads, and implant accessories (PDF).»

Boston Scientific CRM has provided the following translations for the Q1 2010 Comprehensive Product Performance Report:

- English, Q1 2010
- Français, Q1 2010
- Deutsch, Q1 2010
- Italiano, Q1 2010
- Español, Q1 2010
- United Kingdom, Q1 2010

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December 1, 2009

**Subject:** Product Advisory – Mechanical stress associated with subpectoral implantation may weaken the bond between the header and the titanium case in COGNIS® cardiac resynchronization therapy defibrillators (CRT-Ds) and TELIGEN® implantable cardioverter defibrillators (ICDs).

Dear Doctor,

This letter provides important patient management information regarding Boston Scientific COGNIS CRT-Ds and TELIGEN ICDs. Engineering simulations and field reports indicate that in some cases, implanted devices may encounter sufficient mechanical stress to weaken the bond between the header and case when positioned subpectorally. While implant orientation is not reported to Boston Scientific, our records indicate that your health care facility may implant or is currently monitoring devices that may be at risk if implanted in a subpectoral location.

#### Description of Behavior

Boston Scientific has determined that the bond between the header and case could be weakened by significant forces associated with a subpectoral implant procedure or when a device in a subpectoral position is pushed against a rib during contraction of the pectoralis muscle. A weakened header bond may alter lead impedance and introduce noise that may inhibit pacing therapy or initiate inappropriate tachy therapy. Additional mechanical stress applied to a weakened bond may eventually cause header connection wires to fracture, resulting in loss of therapy.

This advisory is limited to devices identified in Table 1 that were implanted subpectorally. Devices implanted *subcutaneously* are not included in this advisory.

#### Clinical Implications

A weakened header bond can result in one or more of the following device behaviors:

- Significant changes in measured lead impedance
- Noise on real-time or stored electrograms
- Intermittent inhibition of pacing
- Inappropriate anti-tachy pacing or shock therapy
- Loss of pacing therapy
- Loss of anti-tachy pacing and shock therapy

No patient deaths related to this behavior have been reported. Patients have required early device replacement due to inappropriate shocks and/or noise induced by pocket manipulation or arm movement. Regulatory authorities have been notified of these observations.

#### Rate of Occurrence

The implant orientation of devices is not reported to Boston Scientific, making it difficult to provide rate of occurrence and prediction information. We have received two (2) reports worldwide of subpectoral implants with weakened header bonds. We estimate that 5% of approximately 77,000 COGNIS and TELIGEN devices worldwide have been implanted in a subpectoral location.

The following factors may also impact the risk of failure if implanted in a subpectoral location:

- Exact location of the patient's ribs relative to the device
- Body size and/or muscle mass of the patient (risk may increase for larger/muscular patients)
- Activity level and/or occupation of the patient (risk may increase for more active patients)

## Recommendations

### *For future implants:*

- Boston Scientific recommends that subpectoral implantation of affected COGNIS CRT-Ds or TELIGEN ICDs (Table 1) be avoided until improvements to header bond strength are available for devices in your geography.

### *For affected devices (Table 1) implanted in a subpectoral location:*

- Follow patient at least once every three months as recommended in device instructions for use.
- Consider advising patients to contact their physician or clinic if they receive shocks, in order to ensure timely review of associated electrograms and other device data via in-clinic or remote interrogation.

Where available, consider using the LATITUDE® Patient Management System to facilitate remote device checks between in-clinic follow-ups.

If a patient's device was implanted *subcutaneously*, it is excluded from this advisory and no change to current patient management is recommended.

## Devices Affected

Model numbers listed in Table 1 are affected by this advisory if they have been implanted subpectorally.

**Table 1.** Device models affected if implanted subpectorally.

Family	Model Numbers
TELIGEN ICD	E102, E110, E111 F102, F110, F111
COGNIS CRT-D	N106, N107, N108, N118, N119 P106, P107, P108

NOTE: TELIGEN VR Models E103 and F103 are *not* affected

A device model and serial number search tool is available at [www.bostonscientific.com](http://www.bostonscientific.com) in the Product Performance Resource Center.

Boston Scientific has identified manufacturing process changes to strengthen the bond between the header and case. Bond strength improvements will be implemented by geography as regulatory approval is received.

## Warranty Program

The warranty offered with each device applies to all advisory devices experiencing this behavior. Assistance for patient unreimbursed medical expenses may be available in certain geographies.

## Further Information

Boston Scientific recognizes the impact of this communication on you and your patients and wants to reassure you that patient safety remains our primary concern. Quarterly updates will be provided in our Product Performance Report, found at [bostonscientific.com](http://bostonscientific.com). If you have any questions regarding this communication, please contact your local Boston Scientific CRM representative, United States Technical Services at 1.800.CARDIAC (227.3422), or European Technical Services at +32 2 416 7222.

Sincerely,



William E. Young  
Vice President, Reliability and Quality Assurance  
Boston Scientific Cardiac Rhythm Management